



State of Montana 457 Deferred Compensation Plan

September 30, 2008

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Market Environment Investment Performance Analysis

September 30, 2008

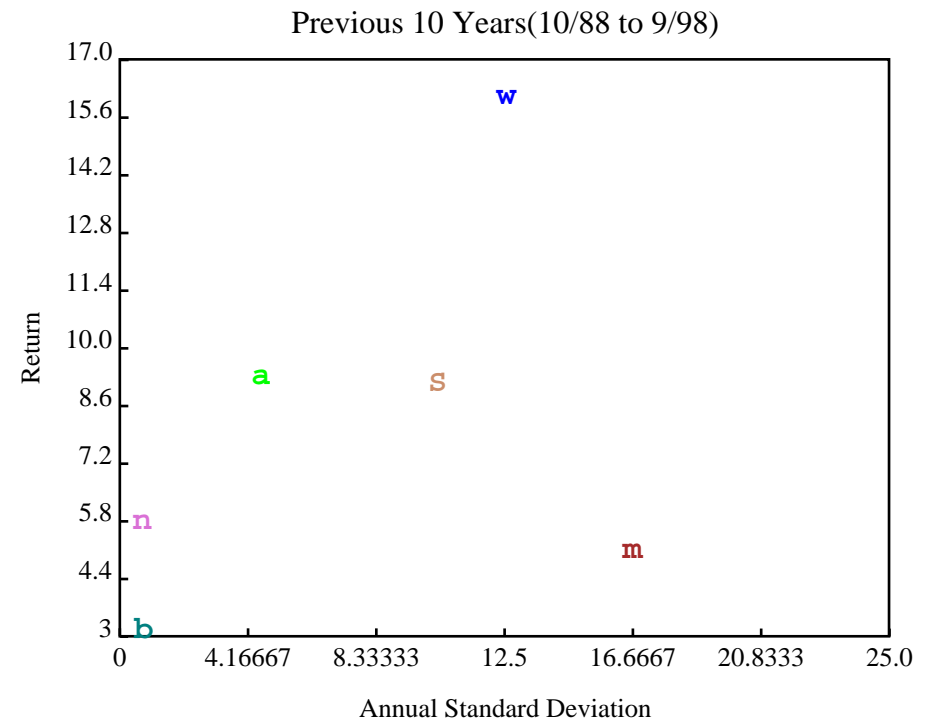
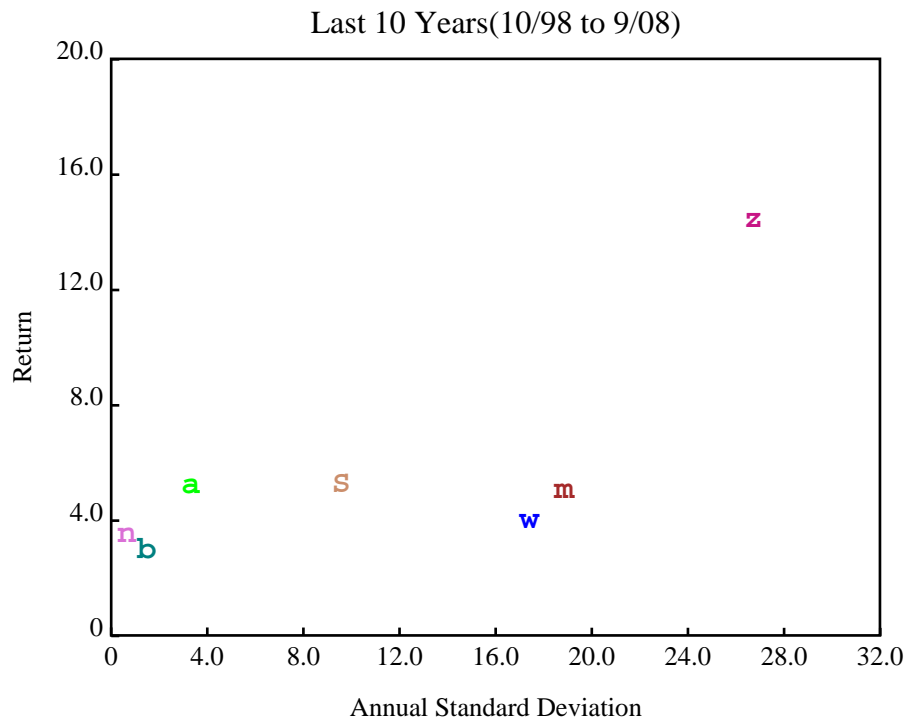


Market Environment

Overview of Major Asset Classes

As of 9/30/08

Indices	Legend	Returns							10 Year Std Dev
		Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs	
U.S. Equity (DJ Wilshire 5000)	w	-8.67	-18.64	-21.26	0.56	6.00	3.98	9.87	17.61
U.S. Bonds (Lehman Aggregate)	a	-0.48	0.64	3.66	4.15	3.78	5.20	7.23	3.54
Non U.S. Equity (ACWI X US Net)	x	-21.91	-29.85	-30.32	2.64	11.34	--	--	--
Developed Equity (EAFE Net)	m	-20.56	-29.26	-30.50	1.12	9.69	5.02	5.06	19.07
Emerging Equity (Emg Mkts Net)	z	-26.95	-35.54	-33.20	8.37	18.66	14.42	--	26.92
Intl Bonds (Citi Non-US Gov)	s	-4.26	1.20	5.16	5.52	5.56	5.24	7.17	9.78
Treasury Bills (91 Day)	n	0.63	1.82	2.91	4.19	3.25	3.52	4.65	0.87
Consumer Price Index	b	-0.01	4.18	4.94	3.25	3.39	2.95	3.05	1.68



Market Environment

U.S. Common Stocks

As of 9/30/08



	Returns						
	Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs
Indices							
Standard & Poor's 500	-8.37	-19.29	-21.97	0.23	5.18	3.06	9.94
DJ Wilshire 5000	-8.67	-18.64	-21.26	0.56	6.00	3.98	9.87
DJ Wilshire 4500	-9.99	-17.05	-19.77	1.15	8.28	6.91	9.91
DJ Wilshire US Large Cap	-9.04	-19.07	-21.42	0.62	5.76	3.40	9.91
DJ Wilshire US Small Cap	-5.94	-14.73	-18.92	1.09	8.41	8.42	10.37
DJ Wilshire Real Est. Secs	4.51	0.95	-12.86	5.12	13.59	12.92	8.89
Styles							
DJ Wilshire US Large Growth	-12.02	-18.63	-19.13	0.54	4.92	1.32	9.26
DJ Wilshire US Large Value	-5.44	-19.56	-23.83	0.48	6.47	5.11	10.21
DJ Wilshire US Small Growth	-10.98	-17.71	-20.62	1.21	8.33	5.82	8.64
DJ Wilshire US Small Value	-0.21	-11.36	-17.00	0.95	8.45	10.16	11.64
Sectors (DJ Wilshire 5000)							
Consumer Discretionary	-1.67	-17.32	-26.19	-4.67	1.33	--	--
Consumer Staples	4.30	-3.80	-0.55	8.23	9.43	--	--
Energy	-26.57	-17.63	-13.77	7.38	22.48	--	--
Financials	4.07	-23.22	-32.54	-6.41	0.74	--	--
Health Care	1.19	-11.68	-11.95	0.80	4.32	--	--
Industrials	-10.18	-20.79	-23.81	2.33	8.02	--	--
Information Technology	-11.85	-23.01	-23.59	-0.31	2.61	--	--
Materials	-24.11	-22.56	-21.82	8.60	12.47	--	--
Telecommunication Services	-15.28	-29.30	-34.11	1.67	6.59	--	--
Utilities	-17.64	-19.90	-14.63	2.55	12.04	--	--

Index Definitions

DJ Wilshire 5000: All publicly traded U.S. corporations

DJ Wilshire 4500: All DJ Wilshire 5000 companies excluding large S&P500 companies

DJ Wilshire US Large Cap: Largest 750 publicly traded companies

DJ Wilshire US Small Cap: Companies ranking between 750 and 2500 by market capitalization

Style Definitions (Wilshire Style Indices)

Large Co: Largest 750 companies in the DJ Wilshire 5000

Small Co: Next 1750 companies in the DJ Wilshire 5000

Value: Relatively low P/E and P/B ratios

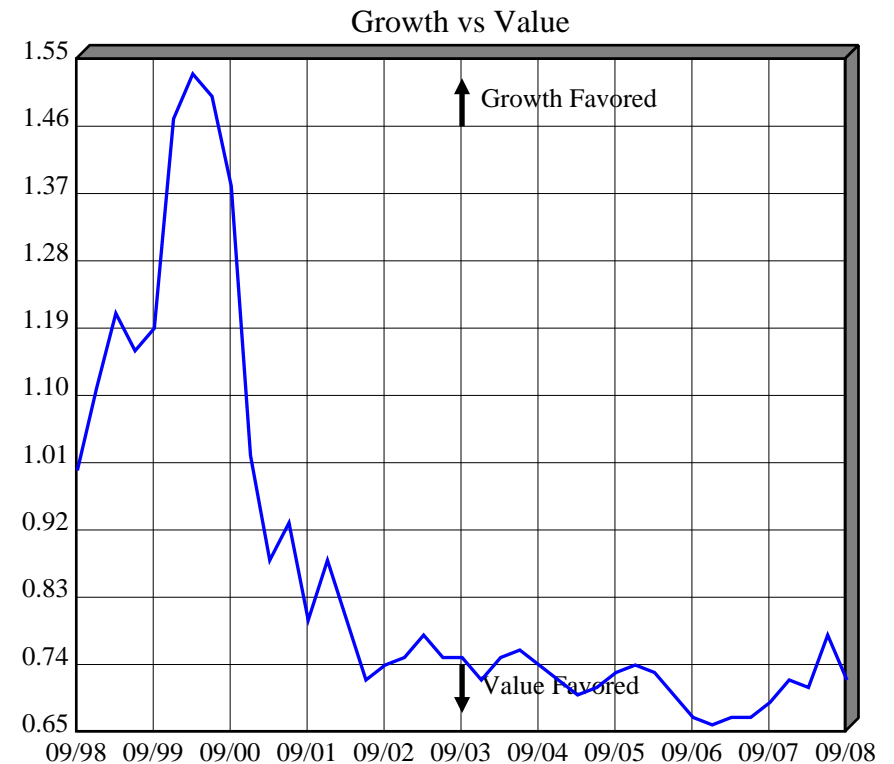
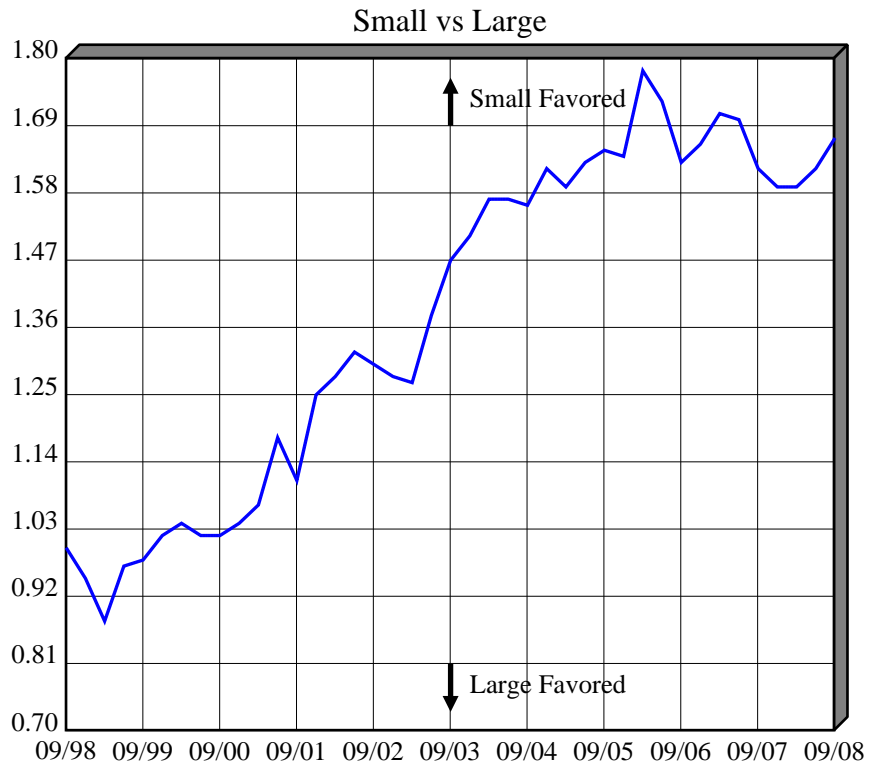
Growth: Relatively high P/E and P/B ratios



Market Environment

U.S. Common Stocks

Relative Return
As of 9/30/08



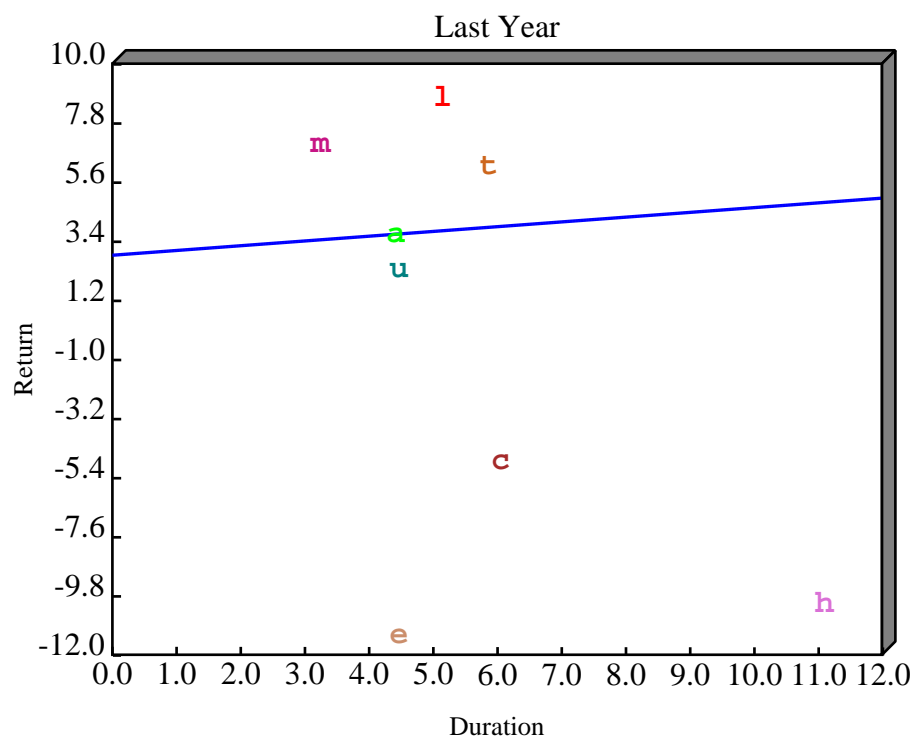
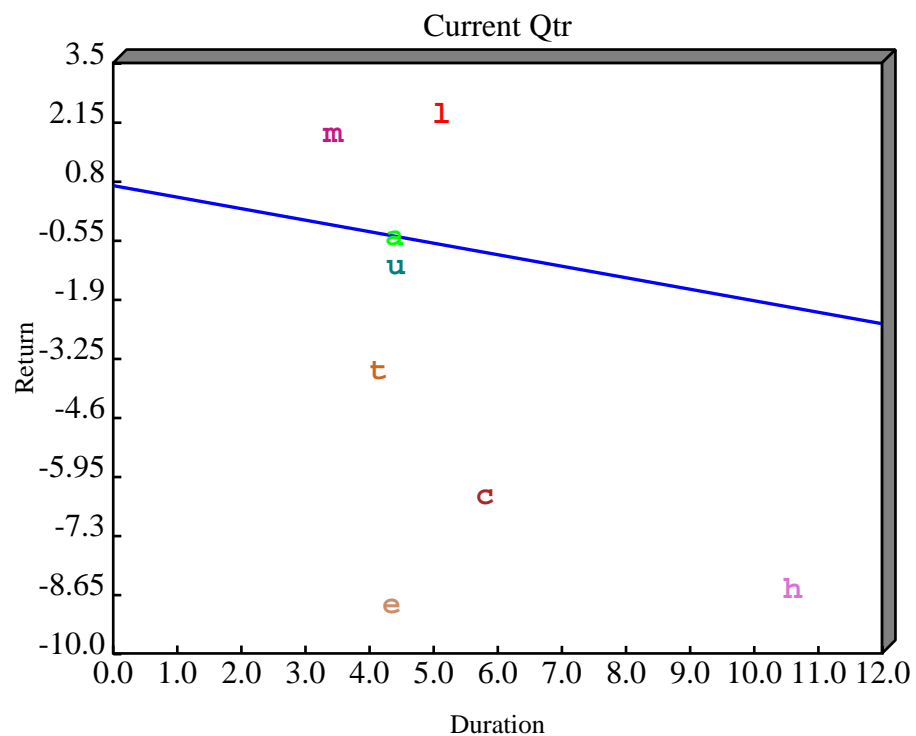
Based on DJ Wilshire Style Indices

Market Environment

U.S. Fixed Income Indices

As of 9/30/08

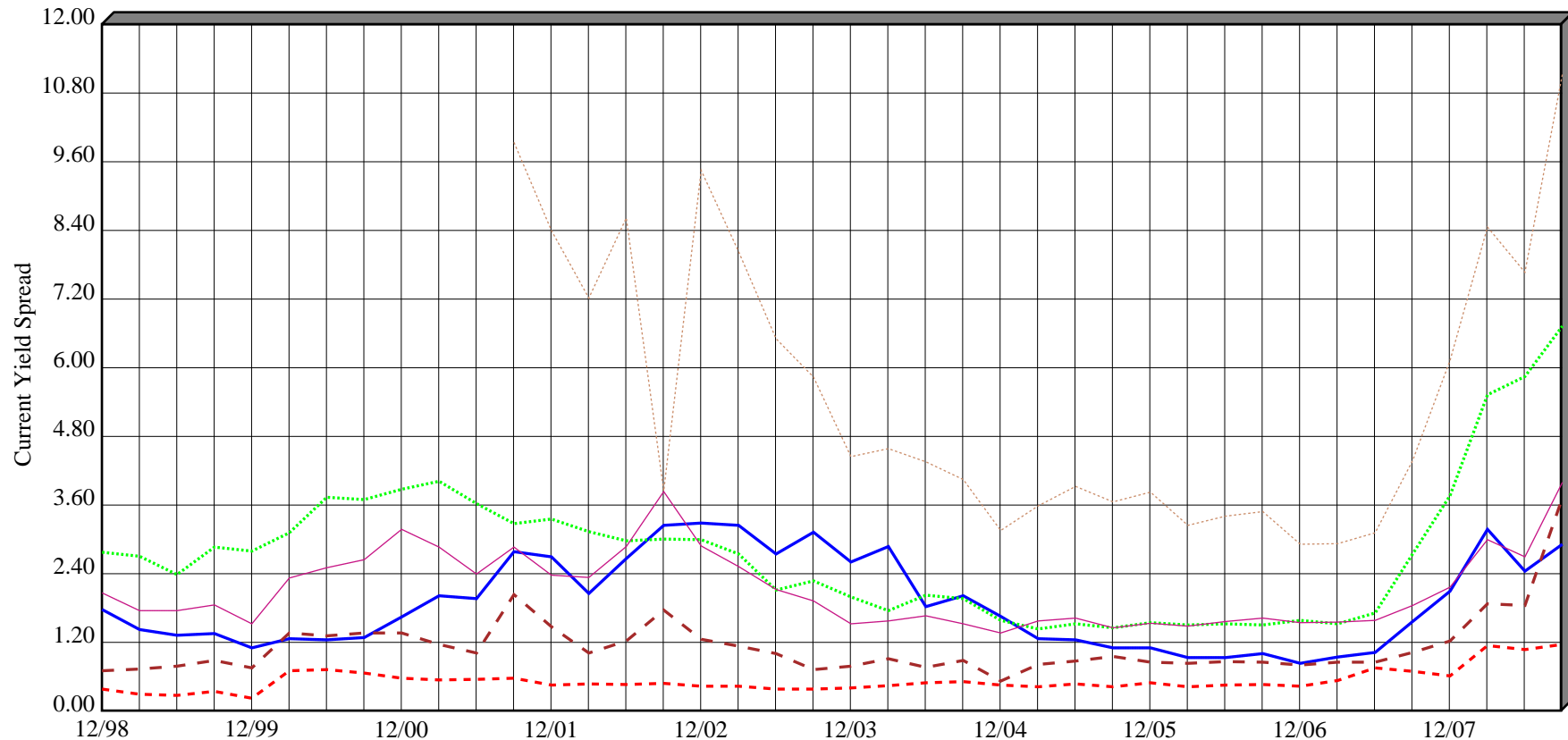
Indices	Legend	Returns							Characteristics (Current Qtr)		
		Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs	Eff Maturity	Eff Duration	Yld to Mat
Lehman Aggregate	a	-0.48	0.64	3.66	4.15	3.78	5.20	7.23	7.11	4.47	5.27
Lehman Treasury	l	2.30	4.58	8.72	5.79	4.47	5.36	7.31	6.89	5.20	2.96
Lehman Credit (Corporate)	c	-6.39	-6.83	-4.79	0.86	1.94	4.50	7.18	9.89	5.88	7.22
Lehman Mortgage	m	1.87	3.84	7.01	5.53	4.84	5.68	7.35	6.42	3.51	5.47
Lehman High Yield	e	-8.89	-10.07	-11.24	1.05	4.39	4.40	7.44	7.00	4.42	13.91
Citigroup High Grade	h	-8.54	-11.82	-10.09	-1.91	1.43	4.49	7.65	23.99	10.68	7.35
Lehman Universal	u	-1.15	-0.32	2.34	3.90	3.90	5.39	--	7.18	4.49	5.79
Lehman Bros U.S. TIPS	t	-3.54	1.17	6.19	4.32	5.15	7.14	--	8.98	4.21	7.63



Market Environment

U.S. Fixed Income Markets

Historical Spread Comparison to Treasuries As of 9/30/08



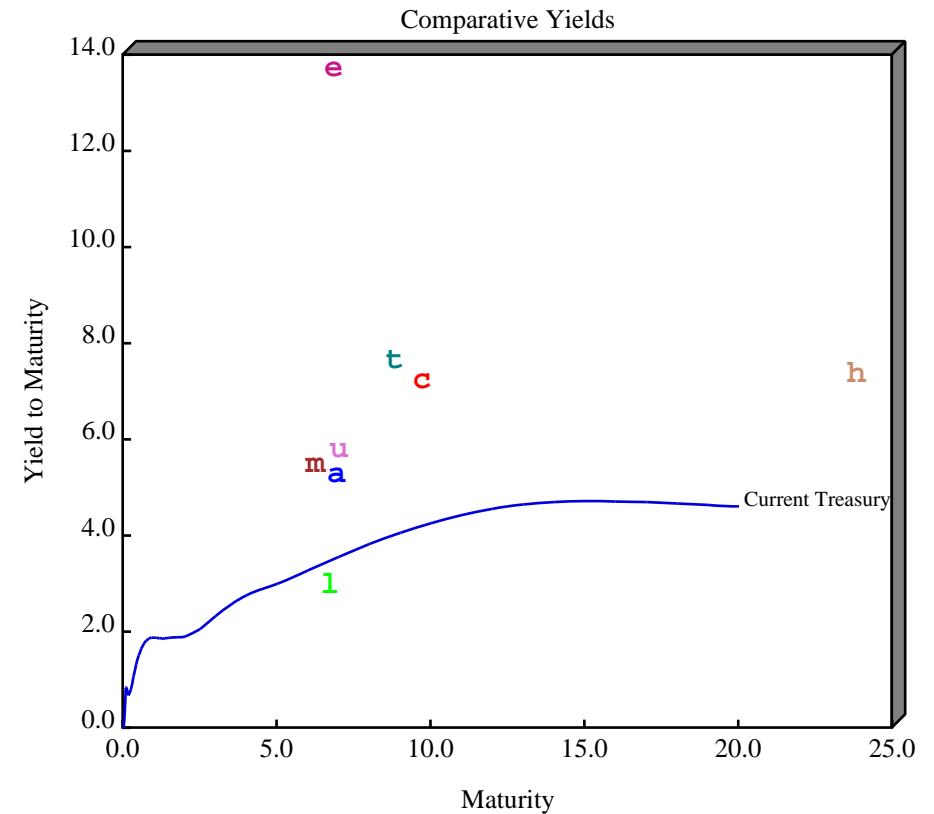
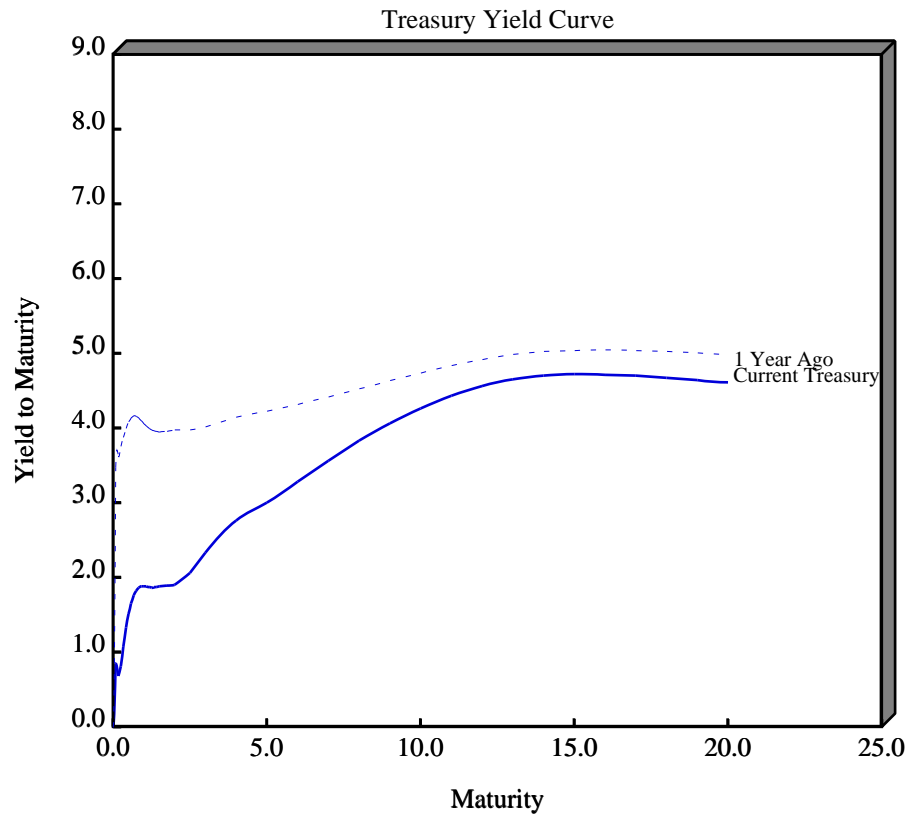
Description	Legend	Current Qtr Spread	Median Spread (10 Years)
Leh Mortgage	—	2.92	1.72
GIC's 5 Year	·····	6.73	2.75
Leh Long Agencies	---	1.17	0.47
Leh AAA Long Corp	---	3.73	0.94
Leh BAA Long Corp	—	4.00	1.90
Leh High Yield	·····	11.13	NA



Market Environment

U.S. Fixed Income Markets

Yield Spread To Treasuries As of 9/30/08



Description	Legend	Eff Maturity	Yield to Mat
Lehman Aggregate	a	7.11	5.27
Lehman Treasury	l	6.89	2.96
Lehman Credit	c	9.89	7.22
Lehman Mortgage	m	6.42	5.47
Lehman High Yield	e	7.00	13.91
Citigroup High Grade	h	23.99	7.35
Lehman Universal	u	7.18	5.79
Lehman Bros. U.S. TIPS	t	8.98	7.63

Market Environment International Markets As of 9/30/08



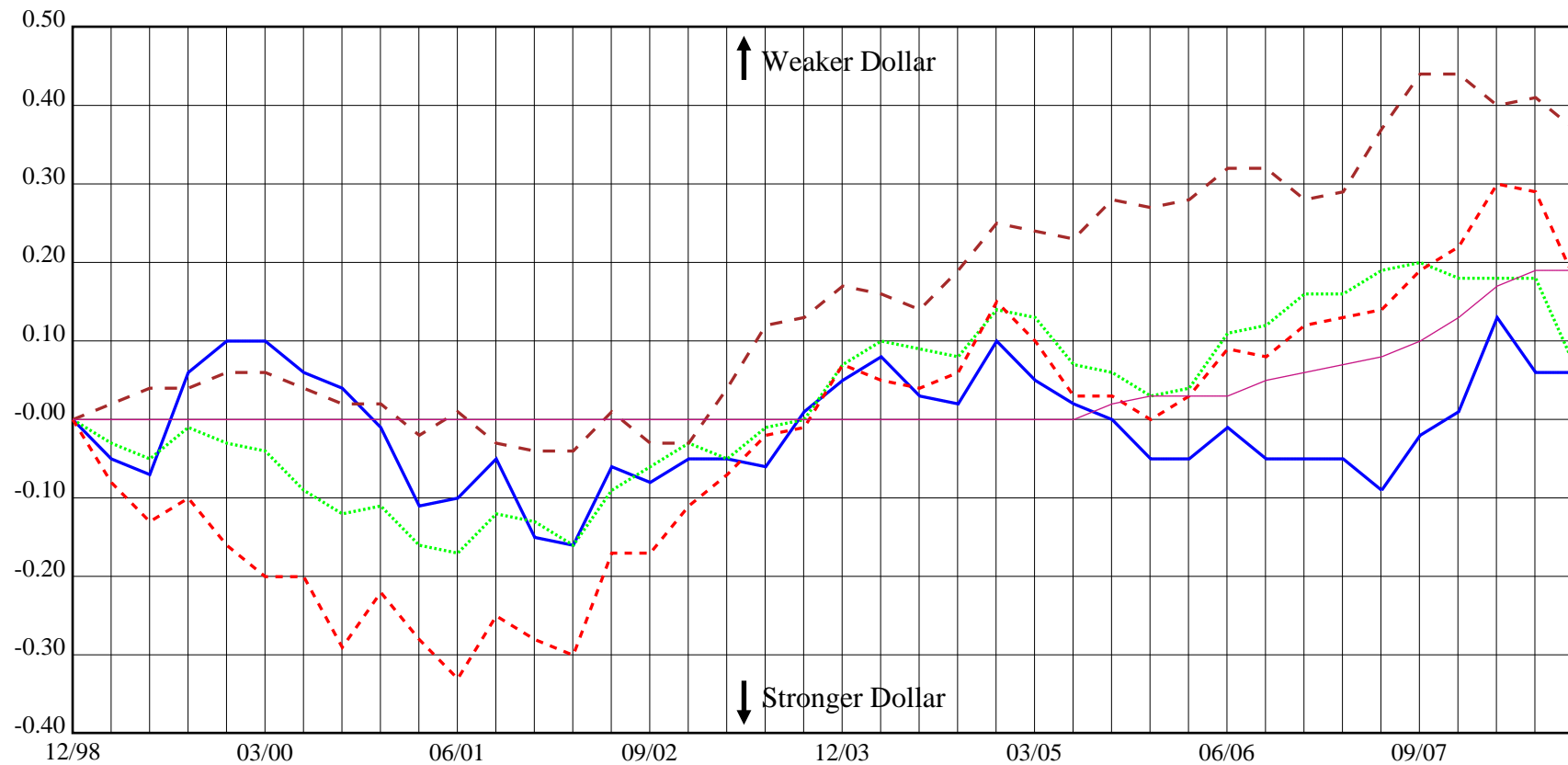
	Returns							10 Year Std Dev
	Qtr	Ytd	1Yr	3Yrs	5Yrs	10Yrs	20Yrs	
Equity(in U.S. dollars)								
U.S. (S & P 500)	-8.37	-19.29	-21.97	0.23	5.18	3.06	9.94	16.67
Non U.S. (ACWI X U.S.) Net	-21.91	-29.85	-30.32	2.64	11.34	--	--	--
Developed (EAFE) Net	-20.56	-29.26	-30.50	1.12	9.69	5.02	5.06	19.07
Emerging (Emg Mkts) Net	-26.95	-35.54	-33.20	8.37	18.66	14.42	--	26.92
Europe	-20.77	-30.60	-30.93	2.51	10.96	4.78	9.52	20.22
Pacific	-20.10	-26.19	-29.60	-1.80	6.91	5.81	0.49	20.43
France	-18.93	-28.62	-28.12	3.04	11.63	6.25	9.68	22.75
Germany	-20.56	-31.58	-28.10	9.52	16.09	4.49	9.30	28.72
Japan	-17.65	-22.21	-26.93	-3.98	4.52	3.84	-1.18	21.79
United Kingdom	-20.97	-29.85	-31.52	-0.18	8.54	3.38	8.76	16.96
Equity(in local currency)								
Non U.S. (ACWI X US) Net	-14.98	-26.59	-27.87	0.18	8.71	--	--	--
Developed (EAFE) Net	-13.02	-26.67	-28.84	-1.80	7.03	3.23	3.98	17.84
Emerging (Emg Mkts) Net	-20.87	-30.67	-28.68	8.26	16.97	--	--	--
Europe	-11.32	-26.39	-27.47	-0.96	7.77	3.41	8.57	19.18
Pacific	-16.57	-27.11	-31.71	-3.51	5.52	3.12	-0.62	17.94
France	-9.06	-25.70	-27.23	-2.08	7.52	4.33	7.97	22.36
Germany	-10.89	-28.78	-27.20	4.09	11.82	2.60	7.77	27.86
Japan	-17.52	-26.07	-32.55	-6.05	3.46	1.30	-2.35	19.81
United Kingdom	-11.76	-21.66	-21.74	-0.43	7.02	2.89	8.46	14.96
% Change in Exchange Rates								
Euro vs Dollar	-10.85	-3.93	-1.23	5.22	3.82	--	--	--
Yen vs Dollar	-0.15	5.23	8.34	2.20	1.02	2.52	1.19	12.35
Pound vs Dollar	-10.44	-10.46	-12.51	0.25	1.42	0.48	0.25	7.51
International Fixed Income								
Citigroup Non-US Bond	-4.26	1.20	5.16	5.52	5.56	5.24	7.17	9.78
Citigroup World Bond	-2.97	1.91	5.90	5.57	5.35	5.38	7.24	8.05
Citigroup Non-US Hedged	2.66	2.37	4.36	3.74	4.24	4.87	6.88	2.81
Lehman Global Aggregate	-3.83	-0.44	2.81	4.72	4.77	4.92	--	6.28



Market Environment

U.S. Dollar Cost of Foreign Currencies

As of 9/30/08



Description	Legend
Japanese Yen	—
U.K. Pound
Euro	- - - -
Canadian Dollar	- - - -
Chinese Yuan	—

FUND OVERVIEW FOR STATE OF MONTANA 457 DEFERRED COMPENSATION PLAN

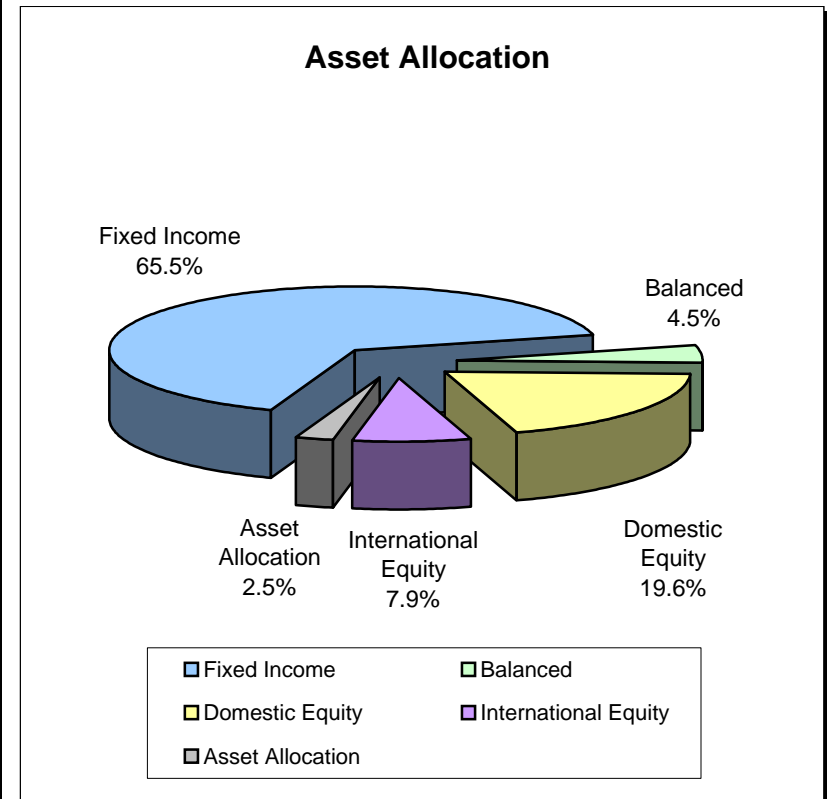
Asset Class	Name	Ticker	Recommendation
Fixed Income	State of Montana Stable Value - PIMCO	Sep. Mgmt.	Retain
Fixed Income	PIMCO Total Return	PTRAX	Retain
Fixed Income	Neuberger Berman High Income Bond Fund	LBHBX	Probation
Balanced	Dodge & Cox Balanced	DODBX	Retain
Asset Allocation	Conservative Asset Allocation	N/A	Retain
Asset Allocation	Moderate Asset Allocation	N/A	Retain
Asset Allocation	Moderately Aggressive Allocation	N/A	Retain
Large Growth	Fidelity ContraFund	FCNTX	Retain
Large Growth	Calvert Social Investment Equity A	CSIEX	Retain
Large Core	Vanguard (500) Institutional Index	VINIX	Retain
Large Value	Davis New York Venture A	NYVTX	Retain
Mid Growth	Munder Mid Cap Core Growth A	MGOAX	Retain
Mid Value	Hotchkis & Wiley Mid Cap Value A	HWMAX	Terminated/Replaced
Small Growth	Managers AMG Essex Small/Micro Growth	MBRSX	Retain
Small Core	Vanguard Small Cap Index Signal	VSISX	Retain
Small Value	Neuberger Berman Genesis Tr	NBGEX	Retain
Small Value	Munder Small Cap Value Y	MCVYX	Terminated/Replaced
Global	American Funds New Perspective Fund R4	RNPEX	Retain
Global	Mutual Discovery Z	MDISX	Retain
International	Artisan International Inv	ARTIX	Retain
International	Dodge & Cox International Stock	DODFX	Retain

State of Montana 457 Deferred Compensation Plan
September 30, 2008



Asset Allocation **as of September 30, 2008**

Asset Class	Market Value	%
Fixed Income	186,902,158	65.5%
Montana Fixed Fund - Stable Value	183,737,978	64.4%
PIMCO Total Return	2,666,413	0.9%
Neuberger High Income	497,767	0.2%
Balanced	12,765,562	4.5%
Dodge & Cox Balanced	12,765,562	4.5%
Domestic Equity	55,955,542	19.6%
<u>Large Cap</u>	<u>39,309,786</u>	<u>13.8%</u>
Fidelity ContraFund	17,747,276	6.2%
Calvert Social Investment Equity	614,885	0.2%
Vanguard Institutional Index	10,561,211	3.7%
Davis NY Venture	10,386,415	3.6%
<u>Mid Cap</u>	<u>6,079,800</u>	<u>2.1%</u>
Munder Mid Cap Core Growth	3,829,825	1.3%
Hotchkis & Wiley Mid Cap Value	2,249,975	0.8%
<u>Small Cap</u>	<u>10,565,956</u>	<u>3.7%</u>
Manager Essex Sm/Micro Growth	2,261,884	0.8%
Vanguard Small Cap Index	677,050	0.2%
Neuberger Berman Genesis	6,965,986	2.4%
Munder Small Cap Value	661,037	0.2%
International Equity	22,554,848	7.9%
American Funds New Perspective	6,804,710	2.4%
Mutual Discovery	6,901,724	2.4%
Artisan International	3,206,988	1.1%
Dodge & Cox International Stock	5,641,426	2.0%
Asset Allocation	7,090,793	2.5%
Conservative Asset Allocation	547,102	0.2%
Moderate Asset Allocation	3,074,586	1.1%
Moderately Aggressive Allocation	3,469,104	1.2%
TOTAL STATE OF MONTANA 457	\$ 285,268,903	



Montana Stable Value	Trailing Total Returns (annualized)			
Style: Intermediate Gov/Credit FI	Quarter	1 Year	3 Year	5 Year
Montana Stable Value	(3.64)	0.98	4.08	3.64
Barclays Int Gov/Credit Bond + 0.35%	(1.10)	3.50	4.39	3.60

3 yr

5 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
n/a	--	--	--
n/a	--	--	--

Fund Narrative
After an extremely difficult quarter, this fund has still managed to post positive returns for the 1-year and longer, and even outperform its benchmark for the 5-year time period. Recommendation: Retention

PIMCO Total Return	Trailing Total Returns (annualized)			
Style: Intermediate Fixed Income	Quarter	1 Year	3 Year	5 Year
PIMCO Total Return	(2.13)	3.51	4.15	4.05
Barclays Aggregate	(0.49)	3.65	4.15	3.78
Intermediate Fixed MF Mean	(3.57)	(2.28)	1.75	2.40

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★★★	0.0	-0.5	0.0
★★★★★	0.2	-0.1	0.2
★★★★★	--	--	--

Fund Narrative
This manager is highly ranked in or near the top quartile of this investment category. With the exception of this quarter and 1-year, the manager has enjoyed strong outperformance for all time periods, it has 5-star rankings by Morningstar, and it's Sharpe Ratio is above the category mean, easily meeting the State minimum. Recommendation: Retention

Neuberger High Income Bond	Trailing Total Returns (annualized)			
Style: High Yield Fixed Income	Quarter	1 Year	3 Year	5 Year
Neuberger High Income Bond	(6.19)	(8.54)	0.93	3.01
Barclays U.S. High Yield Index	(8.89)	(11.24)	1.04	4.38
High Yield MF Mean	(7.66)	(10.05)	0.87	3.93

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	-0.5	-0.4	-0.4
★★	0.0	0.2	0.2
★★★★★	--	--	--

Fund Narrative
This manager has outperformed the benchmark only over the quarter and 1-year, but its' 3- and 5-year performance are below the benchmark rate. The Morningstar rating is borderline as the 5-year rating is below the 3-star minimum required by the State; additionally, the Sharpe Ratio is below State minimum. Recommendation: Retention

Dodge & Cox Balanced	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Dodge & Cox Balanced	(10.43)	(22.80)	(2.06)	4.08
US Balanced Index	(5.22)	(12.29)	1.95	4.77
Balanced MF Mean	(8.88)	(15.16)	0.98	4.67

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★ ★	-0.5	-0.4	-0.3
5 yr	★ ★ ★	0.1	0.2	0.2
10 yr	★ ★ ★ ★ ★	--	--	--

Fund Narrative
This fund greatly underperformed the benchmark for all measured time periods. The manager is leaning towards large cap growth stocks and maintains a short duration defensive profile in fixed income. The 2- and 3-star Morningstar ratings do not meet the State's requirement, while its Sharpe Ratio also do not meet the State's requirement. Recommendation: Probation

Asset Allocation - Conservative	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Asset Allocation - Conservative	(4.21)	(4.14)	--	--
Montana Conservative Index	(2.23)	(2.92)	--	--
Balanced MF Mean	(8.88)	(15.16)	0.98	4.67

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	n/a	--	-0.4	--
5 yr	n/a	--	0.2	--
10 yr	n/a	--	--	--

Fund Narrative
This fund underperformed relative to the Montana Conservative Index for the quarter as well as for the 1-year time period. The Montana Conservative Index is comprised of: 40% Barclays Aggregate Index, 35% Barclays Gov't/Credit Bond, and 25% S&P 500 Index. Recommendation: Retention

Asset Allocation - Moderate	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Asset Allocation - Moderate	(8.79)	(15.10)	--	--
Montana Moderate Index	(6.76)	(12.75)	--	--
Balanced MF Mean	(8.88)	(15.16)	0.98	4.67

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	n/a	--	-0.4	--
5 yr	n/a	--	0.2	--
10 yr	n/a	--	--	--

Fund Narrative
This fund underperformed relative to the Montana Moderate Index for the quarter and for the 1-year time period. The Montana Moderate Index is comprised of: 20% Barclays Aggregate Index, 20% Barclays Gov't/Credit Bond, 25% S&P 500 Index, 10% Russell MidCap Index, 10% Russell 2000 Index, and 15% MSCI EAFE (\$net). Recommendation: Retention

Asset Allocation - Moderately Aggressive	Trailing Total Returns (annualized)			
Style: Balanced	Quarter	1 Year	3 Year	5 Year
Asset Allocation - Aggressive	(10.76)	(20.43)	--	--
Montana Moderately Aggressive Index	(8.96)	(17.90)	--	--
Balanced MF Mean	(8.88)	(15.16)	0.98	4.67

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	n/a	--	-0.4	--
5 yr	n/a	--	0.2	--
10 yr	n/a	--	--	--

Fund Narrative
This fund lagged the Montana Moderately Aggressive Index for the quarter and also trails over the 1-year time period. The Montana Moderately Aggressive Index is comprised of: 20% Barclays Aggregate Index, 30% S&P 500 Index, 15% Russell MidCap Index, 15% Russell 2000 Index, and 20% MSCI EAFE (\$net). Recommendation: Retention

Fidelity Contrafund	Trailing Total Returns (annualized)			
Style: Large Cap Growth	Quarter	1 Year	3 Year	5 Year
Fidelity Contrafund	(14.02)	(19.04)	3.07	9.46
S&P 500 Index	(8.37)	(21.98)	0.22	5.17
DJ Wilshire Large Growth Index	(12.02)	(19.13)	0.54	4.92
Large Cap Growth MF Mean	(13.58)	(22.55)	(0.39)	4.12

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	0.0	-0.3	-0.3
5 yr	★★★★★	0.6	0.1	0.2
10 yr	★★★★★	--	--	--

Fund Narrative
After a difficult quarter of underperformance, this manager was still ranked at the top quarter or decile in this investment category and has generated superb returns for all longer time periods. With a consistent 5-star Morningstar rating and Sharpe Ratios above the category mean, this fund exceeds the requirements of the State. Recommendation: Retention.

Calvert Social Investor Equity	Trailing Total Returns (annualized)			
Style: Large Cap Growth	Quarter	1 Year	3 Year	5 Year
Calvert Social Investor Equity	(9.14)	(14.83)	1.55	4.72
S&P 500 Index	(8.37)	(21.98)	0.22	5.17
DJ Wilshire Large Growth Index	(12.02)	(19.13)	0.54	4.92
Large Cap Growth MF Mean	(13.58)	(22.55)	(0.39)	4.12

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★	-0.2	-0.3	-0.3
5 yr	★★★	0.2	0.1	0.2
10 yr	★★★★★	--	--	--

Fund Narrative
In a quarter that was difficult for all styles of equity, this manager underperformed the benchmark. However, the strong recent performance has mitigated the fund's poorer 3- and 5-year performance numbers. The fund has a 3- and 4-star Morningstar rating for the 3- and 5-year, while the Sharpe Ratios meet the State minimum requirements. Recommendation: Retention. <i>This manager is fulfilling a need and has significant sector restrictions.</i>

Vanguard Institutional Index	Trailing Total Returns (annualized)			
Style: Large Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Institutional Index	(8.34)	(21.97)	0.21	5.16
S&P 500 Index	(8.37)	(21.98)	0.22	5.17
Large Cap Broad MF Mean	(10.18)	(22.28)	(0.35)	4.97

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★ ★ ★	-0.3	-0.4	-0.3
★ ★ ★	0.2	0.2	0.2
★ ★ ★	--	--	--

Fund Narrative
This fund matched the returns of its benchmark for all time periods, as expected of index funds. With a 3-star Morningstar rating and a Sharpe Ratio that matches or exceeds the category mean, this fund meets the requirements of the State. Recommendation: Retention

Davis NY Venture	Trailing Total Returns (annualized)			
Style: Large Cap Value	Quarter	1 Year	3 Year	5 Year
Davis NY Venture	(9.92)	(22.17)	(0.07)	6.61
S&P 500 Index	(8.37)	(21.98)	0.22	5.17
Large Cap Value MF Mean	(8.01)	(23.85)	(0.54)	6.13

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★ ★	-0.3	-0.4	-0.3
★ ★ ★ ★	0.4	0.3	0.2
★ ★ ★ ★	--	--	--

Fund Narrative
Although underperforming the benchmark recently, this manager has strong returns for the 5-year time period. With the 2- and 4-star Morningstar ratings and adequate Sharpe Ratios, this fund meets the State minimum requirements. Recommendation: Retention

Munder Mid-Cap Core Growth	Trailing Total Returns (annualized)			
Style: Mid Cap Growth	Quarter	1 Year	3 Year	5 Year
Munder Mid-Cap Core Growth	(16.12)	(24.58)	0.74	9.49
S&P MidCap 400 Index	(10.87)	(16.68)	1.78	8.65
Mid Cap Growth MF Mean	(16.17)	(24.51)	(0.01)	6.31

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★ ★ ★	-0.1	-0.2	-0.1
★ ★ ★ ★	0.5	0.2	0.5
--	--	--	--

Fund Narrative
This fund experienced another difficult quarter which dragged performance for all periods; however, the fund still outperformed the benchmark over the 5-year period. With 3- and 4-star Morningstar ratings and Sharpe Ratios above the category mean, this fund meets the State's minimum requirements easily. Recommendation: Retention

Hotchkis & Wiley Mid Value	Trailing Total Returns (annualized)			
Style: Mid Cap Value	Quarter	1 Year	3 Year	5 Year
Hotchkis & Wiley Mid Value	(11.55)	(32.75)	(9.63)	3.50
Russell Mid Cap Index	(12.91)	(22.36)	0.09	8.62
Mid Cap Value MF Mean	(9.01)	(21.10)	(0.13)	8.08

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★	-0.6	-0.3	-0.2
★	0.1	0.4	0.5
--	--	--	--

Fund Narrative
The Hotchkis & Wiley Mid Cap Value has been terminated and replaced by the Columbia Mid Cap Value Z fund (NAMAX). Performance will be reported when the fund has been funded.

Managers Essex Sm/Micro Growth	Trailing Total Returns (annualized)			
Style: Small Cap Growth	Quarter	1 Year	3 Year	5 Year
Managers Essex Sm/Micro Growth	(9.65)	(26.90)	(0.45)	7.47
Russell 2000 Growth Index	(6.99)	(17.07)	1.45	6.64
Small Cap Growth MF Mean	(9.54)	(23.17)	(0.80)	5.65

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★	-0.1	-0.3	-0.1
★★★	0.3	0.2	0.3
--	--	--	--

Fund Narrative
The fund experienced another extremely difficult quarter, dragging down the 1- and 3-year performance, but still has beaten the benchmark returns for the 5-year time periods. With 2- and 3-star Morningstar ratings and strong Sharpe Ratios, this manager meets all of the State's minimum requirements. Recommendation: Retention

Vanguard Small Cap Index	Trailing Total Returns (annualized)			
Style: Small Cap Core	Quarter	1 Year	3 Year	5 Year
Vanguard Small Cap Index	(5.01)	(17.10)	1.16	8.68
MSCI US Small Cap 1750 Index	(5.07)	(17.28)	1.08	8.62
Small Cap Broad MF Mean	(4.83)	(18.83)	(0.35)	7.55

3 yr

5 yr

10 yr

Sharpe Ratio			
Rating	Manager	Cat. Mean	Index
★★★	-0.1	-0.3	-0.1
★★★★	0.4	0.3	0.4
--	--	--	--

Fund Narrative
This fund's return matched or was within an acceptable range of the benchmark return for all time periods, as expected of an Index fund. With consistent 3- and 4-star Morningstar ratings and adequate Sharpe Ratios, this fund met all of the State's minimum requirements. Recommendation: Retention

Neuberger Berman Genesis	Trailing Total Returns (annualized)			
Style: Small Cap Value	Quarter	1 Year	3 Year	5 Year
Neuberger Berman Genesis	(11.99)	(4.40)	5.87	13.26
Russell 2000 Index	(1.11)	(14.48)	1.83	8.15
Small Cap Value MF Mean	(1.55)	(16.30)	0.13	8.30

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	0.2	-0.3	-0.1
5 yr	★★★★★	0.8	0.4	0.4
10 yr	★★★★★	--	--	--

Fund Narrative
The manager had a terrible quarter after a superb second quarter but is still ranked in the top decile of this investment category and has earned returns significantly above the benchmark for all time periods aside from this quarter. With consistent 5-star Morningstar ratings and strong Sharpe Ratios, this fund greatly exceeds the State's minimum requirements. Recommendation: Retention

Munder Small Cap Value	Trailing Total Returns (annualized)			
Style: Small Cap Value	Quarter	1 Year	3 Year	5 Year
Munder Small Cap Value	(10.89)	(31.15)	(7.97)	4.33
Russell 2000 Value Index	4.96	(12.25)	2.00	9.45
Small Cap Value MF Mean	(1.55)	(16.30)	0.13	8.30

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★	-0.7	-0.3	-0.1
5 yr	★★	0.1	0.4	0.5
10 yr	★★★	--	--	--

Fund Narrative
Terminated. The Munder Small Cap Value fund has been replaced by the Target Small Capitalization Value Fund (TASVX). Performance will be reported when the fund has been funded.

American Funds New Perspective	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
American Funds New Perspective	(14.78)	(22.53)	3.99	9.61
MSCI World Index	(15.25)	(26.05)	0.75	7.32
World Equity MF Mean	(15.71)	(26.02)	1.10	7.94

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	0.1	-0.2	-0.2
5 yr	★★★★★	0.6	0.4	0.4
10 yr	--	--	--	--

Fund Narrative
This manager is solid and has outperformed the benchmark for all time periods, even in a tough environment. With consistent 4- and 5-star Morningstar ratings and solid Sharpe Ratios, this fund easily meets the State's minimum requirements. Recommendation: Retention

Mutual Discovery	Trailing Total Returns (annualized)			
Style: Global Equity	Quarter	1 Year	3 Year	5 Year
Mutual Discovery	(7.16)	(16.85)	5.99	12.39
MSCI World Index	(15.25)	(26.05)	0.75	7.32
World Equity MF Mean	(15.71)	(26.02)	1.10	7.94

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★★★	0.2	-0.2	-0.2
5 yr	★★★★★	1.0	0.4	0.4
10 yr	★★★★★	--	--	--

Fund Narrative
After suffering a minor setback last quarter, the fund roared back this quarter, boosting the fund to greatly outperform the benchmark in all time periods. With consistent 5-star Morningstar ratings and strong Sharpe Ratios, this fund easily exceeds all State requirements. Recommendation: Retention

Artisan International	Trailing Total Returns (annualized)			
Style: International (Non-US) Equity	Quarter	1 Year	3 Year	5 Year
Artisan International	(22.13)	(29.99)	2.59	10.10
MSCI EAFE Growth Index	(21.92)	(28.48)	2.16	9.23
MSCI EAFE Index	(20.56)	(30.50)	1.12	9.69
Non-US Equity MF Mean	(21.29)	(31.46)	1.07	9.72

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	0.0	-0.2	-0.1
5 yr	★★★	0.5	0.4	0.5
10 yr	★★★★	--	--	--

Fund Narrative
After another tough quarter, this manager now trails the benchmark over the 1-year, while its impressive historical returns were enough to boost the outperformance over the benchmark for the 3- and 5-year time periods. With 3-star Morningstar ratings and sufficient Sharpe Ratios versus the category mean, the fund meets the State's minimum requirements. Recommendation: Retention

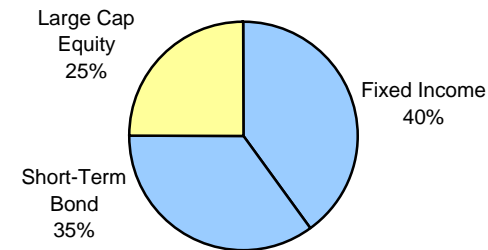
Dodge & Cox International Stock	Trailing Total Returns (annualized)			
Style: International (Non-US) Equity	Quarter	1 Year	3 Year	5 Year
Dodge & Cox International Stock	(18.50)	(28.37)	2.55	13.18
MSCI EAFE Value Index	(19.14)	(32.58)	(0.00)	10.05
MSCI EAFE Index	(20.56)	(30.50)	1.12	9.69
Non-US Equity MF Mean	(21.29)	(31.46)	1.07	9.72

	Sharpe Ratio			
	Rating	Manager	Cat. Mean	Index
3 yr	★★★	0.0	-0.2	-0.2
5 yr	★★★★	0.7	0.4	0.5
10 yr	--	--	--	--

Fund Narrative
The fund posted a negative but strong quarter and outperformed the benchmark; thus, the fund outperformed the benchmark for the 1-, 3-, and the 5- year time periods. The fund has 3- and 4-star Morningstar ratings and Sharpe Ratios above the category mean to surpass the State's minimum requirements. Recommendation: Retention

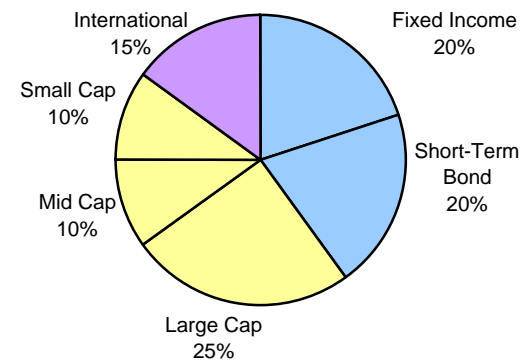
Montana Conservative Asset Allocation

Target Asset Allocation	%	Fund Allocation
Fixed Income	40%	PIMCO Total Return Fund
Short-Term Bond	35%	Stable Value Fund
Large Cap Equity	25%	Vanguard 500 Institutional



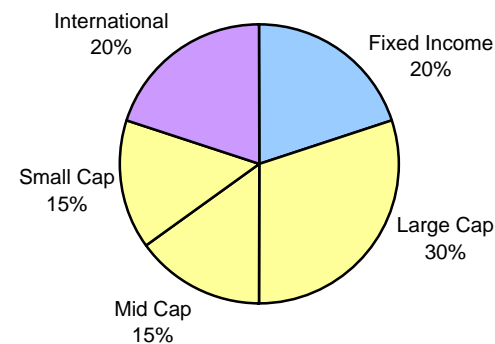
Montana Moderate Asset Allocation

Target Asset Allocation	%	Fund Allocation
Fixed Income	20%	PIMCO Total Return Fund
Short-Term Bond	20%	Stable Value Fund
Large Cap	25%	Vanguard 500 Institutional
Mid Cap	10%	Munder Mid Cap Core Growth A
Small Cap	10%	Munder Small Cap Value*
International	15%	Dodge & Cox International



Montana Moderately Aggressive Asset Allocation

Target Asset Allocation	%	Fund Allocation
Fixed Income	20%	PIMCO Total Return Fund
Large Cap	30%	Vanguard 500 Institutional
Mid Cap	15%	Munder Mid Cap Core Growth A
Small Cap	15%	Munder Small Cap Value*
International	20%	Dodge & Cox International



* Munder Small Cap Value has been replaced by the Target Small Capitalization Value fund.

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PIMCO Total Return Ticker: PTRAX

Fund Strategy

This is the largest fixed income mutual fund in the world. Manager Bill Gross combines PIMCO's long term macroeconomic outlook with short term cyclical issues when constructing the portfolio. The manager has flexibility to determine sector weightings and occasionally invests in non-index sectors: high yield, developed market international, and emerging market debt.

Manager Information

Lead Manager Team Managed
 Avg. Tenure n/a
 Prospectus www.allianzinvestors.com

Fund	Characteristics				Trailing Total Returns (annualized)				
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years
PIMCO Total Return	★★★★★	4.45	5.32	AA	-2.1%	-0.3%	3.5%	4.1%	4.0%
Barclays Aggregate					-0.5%	0.6%	3.7%	4.2%	3.8%
Interm Fixed MF Mean					-3.6%	-4.2%	-2.3%	1.7%	2.4%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	4.09	0.01	0.04	1.88	2.76	0.04
5-Year	3.78	0.20	0.23	1.50	3.09	0.19

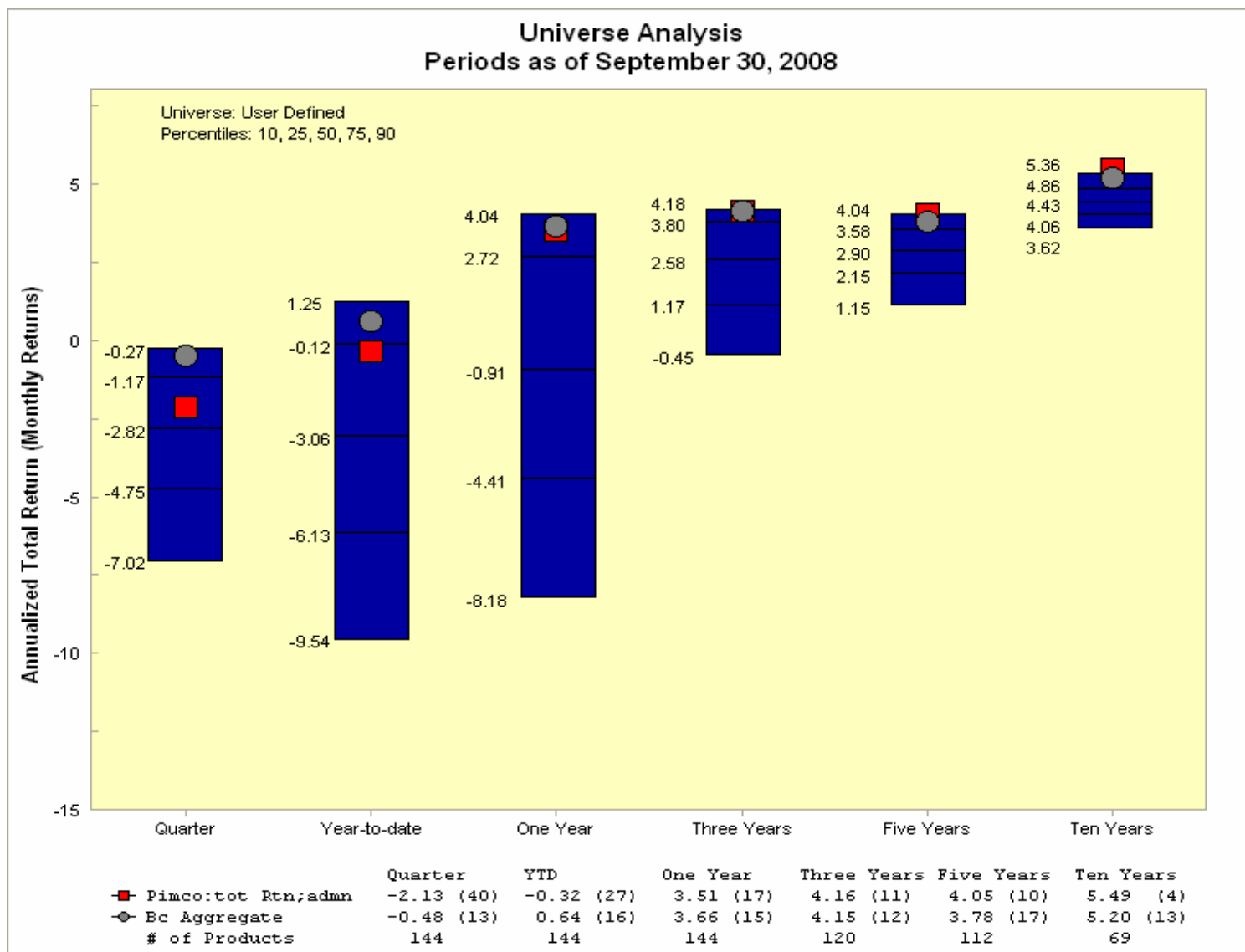
Portfolio Characteristics 6-30-08	
Credit Quality	%
US Gov't/Agency/AAA	64.0%
AA	17.0%
A	10.0%
BBB	2.0%
< BBB	7.0%
Non-Rated	0.0%
Maturity Breakdown	%
0 - 3 yrs.	5.9%
3 - 5 yrs.	7.6%
5 - 7 yrs.	0.8%
7 - 10 yrs.	7.9%
10 - 15 yrs.	3.7%
15 - 20 yrs.	2.3%
20 + yrs.	71.8%

Sector Weights 6-30-08		
versus Lehman Aggregate	%	+ / -
US Government	1.6%	-30.4%
Mortgage	10.6%	-25.4%
Credit	3.6%	-16.4%
Foreign	0.7%	-11.3%
Cash	83.5%	83.5%

Portfolio Information	
Expense Ratio	0.68%
12b-1 Fee Included	0.25%
Category Average	0.99%
Minimum Investment	\$5,000,000

Year-End Assets (\$ Mil.)	
2007	\$120,431
2006	\$99,759
2005	\$88,788
2004	\$78,773
2003	\$73,852
2002	\$67,826
2001	\$50,026

Intermediate Fixed Income Universe



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Neuberger Berman High Income Bond Fund

Ticker: LBHBX

Fund Strategy

Formerly called the Lehman Brothers High Income Bond Fund, this fund is focused on total return and has the flexibility to invest in bonds rated CCC (formerly this part of the credit spectrum was off limits). To date, managers have preferred higher quality, intermediate, high yield corporate bonds.

Manager Information

Lead Manager Ann H. Benjamin + Team
 Avg. Tenure n/a
 Prospectus www.allianzinvestors.com

Fund	Characteristics				Trailing Total Returns (annualized)				
	Morningstar Rating	Avg. Duration	Avg. Maturity	Avg. Quality	Qtr	YTD	1 Year	3 Years	5 Years
Neuberger High Income Bond	★★★	4.08	5.80	BB	-6.2%	-6.9%	-8.5%	0.9%	3.0%
Barclays U.S. High Yield Index					-8.9%	-10.1%	-11.2%	1.0%	4.4%
High Yield MF Mean					-7.7%	-9.1%	-10.0%	0.9%	3.9%

	Manager Statistics				Index Statistics	
	Standard Deviation	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	5.89	-2.96	-0.50	5.81	7.11	-0.39
5-Year	5.14	-0.37	-0.02	5.16	6.34	0.21

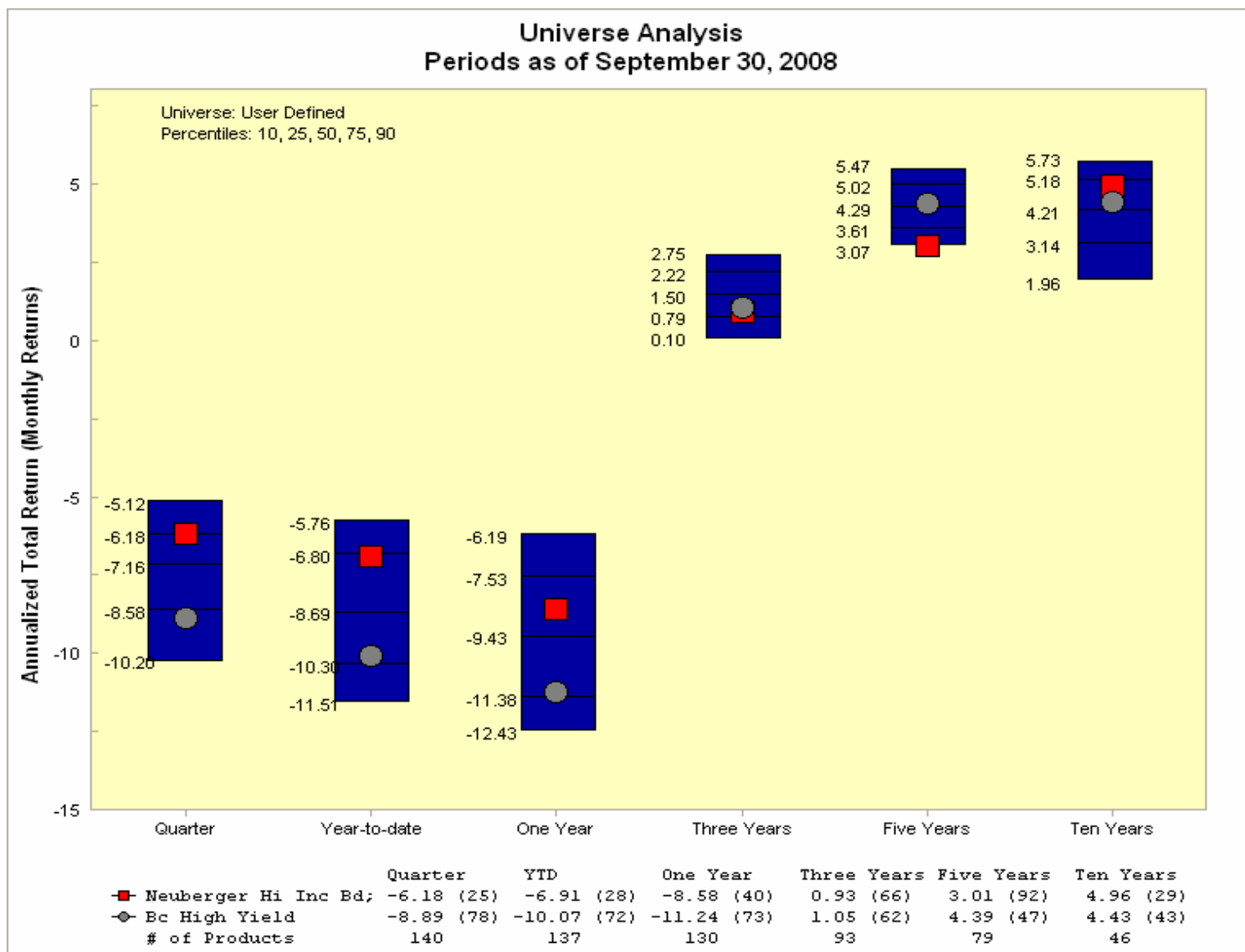
Portfolio Characteristics 9-30-08	
Credit Quality	%
US Gov't/Agency/AAA	7.1%
AA	0.0%
A	0.0%
BBB	7.3%
< BBB	81.5%
Non-Rated	4.1%
Maturity Breakdown	%
0 - 3 yrs.	5.8%
3 - 5 yrs.	38.5%
5 - 7 yrs.	28.5%
7 - 10 yrs.	20.8%
10 - 15 yrs.	2.2%
15 - 20 yrs.	2.6%
20 + yrs.	1.6%

Sector Weights 9-30-08		
versus Lehman U.S. High Yield	%	+ / -
US Government	0.0%	0.0%
Mortgage	0.0%	0.0%
Credit	88.7%	-11.3%
Foreign	4.3%	4.3%
Cash	7.1%	7.1%

Portfolio Information	
Expense Ratio	0.92%
12b-1 Fee Included	-
Category Average	0.99%
Minimum Investment	\$2,000

Year-End Assets (\$ Mil.)	
2007	\$322
2006	\$592
2005	\$719
2004	\$841
2003	n/a
2002	n/a
2001	n/a

High Yield Fixed Income Universe



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Dodge & Cox Balanced Ticker: **DODBX**

Fund Strategy

This fund is invested 60%-65% in stocks and 35%-40% in bonds. The stocks in the portfolio are mid-cap to large cap value stocks. The bonds in the portfolio are governments and mid-quality corporate.

Manager Information

Lead Manager John A. Gunn + Team
Inception 6/26/1991
Prospectus www.dodgeandcox.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Dodge & Cox Balanced	★★★★	\$40,723	377	-10.4%	-20.6%	-22.8%	-2.1%	4.1%	7.5%
US Balanced Index				-5.2%	-11.6%	-12.3%	2.0%	4.8%	4.2%
Balanced MF Mean				-8.9%	-14.4%	-15.2%	1.0%	4.7%	4.4%

	Manager Statistics					Index Statistics	
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Sharpe Ratio
3-Year	10.41	1.15	-3.68	-0.54	4.20	6.99	-0.31
5-Year	9.13	1.08	-2.73	0.14	3.53	6.31	0.23

Top 10 Holdings 9-30-08		
Company	% of Portfolio	
Hewlett-Packard Company	3.88%	
Comcast Corporation A	3.63%	
Novartis AG ADR	2.35%	
Capital One Financial Corp	2.30%	
Time Warner, Inc.	2.26%	
Sanofi-Aventis ADR	2.22%	
GlaxoSmithKline PLC ADR	2.21%	
Wells Fargo Company	2.03%	
Amgen, Inc.	2.02%	
General Electric Company	1.95%	

Sector Weights 9-30-08		
versus S&P 500	%	+ / -
Consumer Discretionary	20.0%	11.5%
Consumer Staples	2.9%	-9.4%
Energy	8.1%	-5.3%
Financials	14.5%	-1.4%
Health Care	25.1%	12.0%
Industrials	6.3%	-4.8%
Information Technology	18.5%	2.6%
Materials	3.2%	-0.2%
Telecom Services	1.5%	-1.5%
Utilities	0.0%	-3.6%

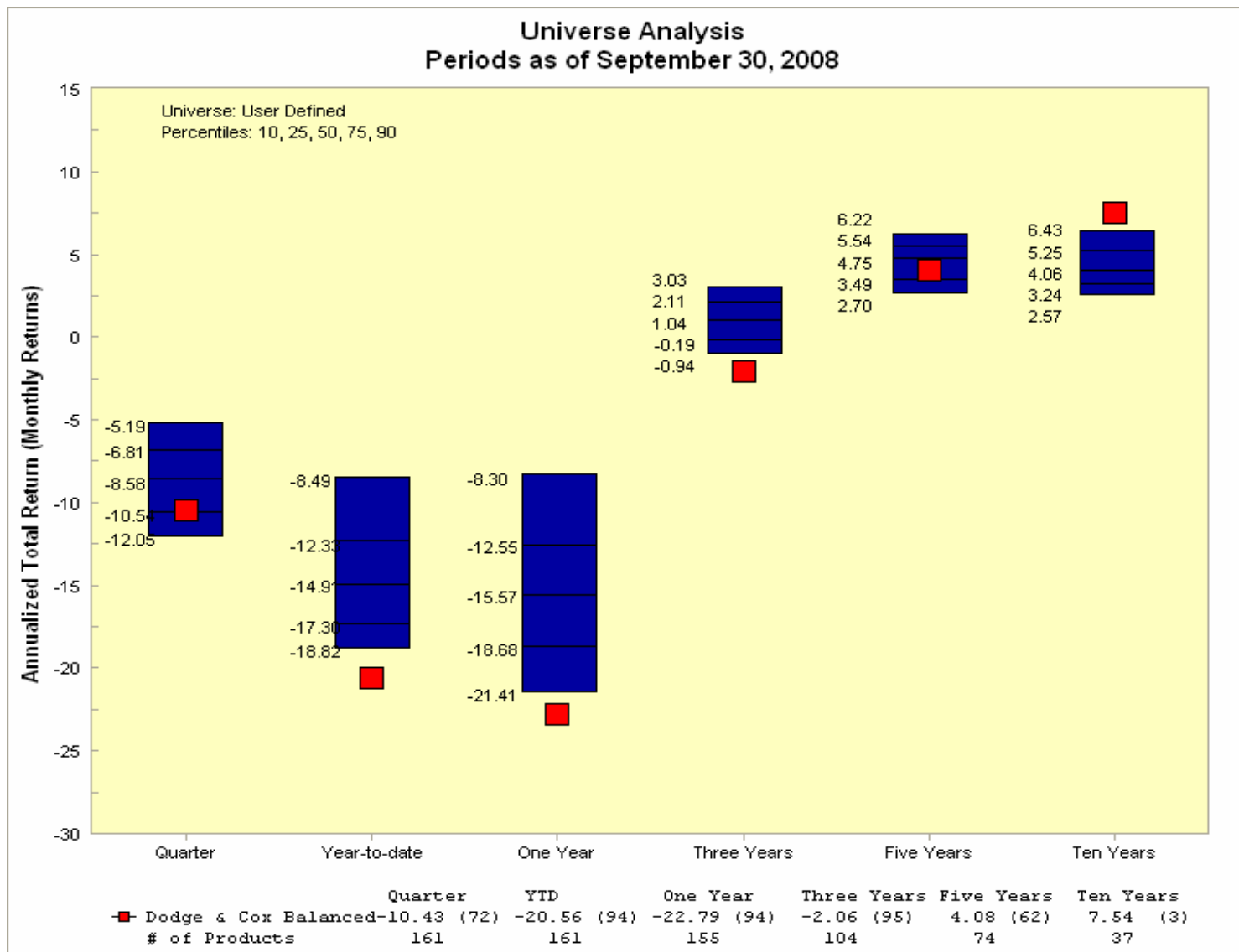
Portfolio Information	
Expense Ratio	0.53%
12b-1 Fee Included	-
Morningstar Average	1.11%
Minimum Investment	\$2,500
Avg. Annual Turnover	27%

Fixed Income Characteristics	
Avg. Duration (yrs.)	4.00
Avg. Maturity (yrs.)	6.90
Avg. Quality	AA

Sector Weights 9-30-08		
versus Lehman Aggregate	%	+ / -
US Government	4.7%	-28.3%
Mortgage	43.6%	2.6%
Credit	46.0%	29.0%
Foreign	0.7%	-8.3%
Cash	5.0%	5.0%

Year-End Assets (\$ Mil.)	
2007	\$24,802
2006	\$27,458
2005	\$22,490
2004	\$20,741
2003	\$13,196
2002	\$7,885
2001	\$6,040

Balanced Universe



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Fidelity ContraFund **Ticker: FCNTX**

Fund Strategy

This fund likes companies with improving prospects rather than turnaround situations and utilizes the growth at a reasonable price investment philosophy. The manager invests in a broad array of industries and currently has a growth tilt. Due to the size of the fund, holdings are mostly in large cap stocks, though it still has many mid-cap stocks from earlier days when it was smaller in size and more nimble.

Manager Information

Lead Manager William Danoff
 Inception 5/17/1987
 Prospectus www.fidelity.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Fidelity ContraFund	★★★★★	\$39,371	356	-14.0%	-21.0%	-19.0%	3.1%	9.5%	7.5%
S & P 500				-8.4%	-19.3%	-22.0%	0.2%	5.2%	3.1%
DJ Wilshire Large Growth				-12.0%	-18.6%	-19.1%	0.5%	4.9%	1.3%
Lg Cap Growth MF Mean				-13.6%	-22.4%	-22.6%	-0.4%	4.1%	2.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.93	0.99	2.96	-0.01	6.31	11.39	1.00	-0.28
5-Year	11.71	0.99	4.20	0.56	5.73	10.35	1.00	0.23

Top 10 Holdings 9-30-08	
Company	% of Portfolio
Berkshire Hathaway Inc. A	3.88%
Google, Inc.	3.47%
Genentech, Inc.	2.85%
Procter & Gamble Company	2.66%
Apple, Inc.	2.11%
Wells Fargo Company	1.93%
Schlumberger, Ltd.	1.85%
Johnson & Johnson	1.84%
Coca-Cola Company	1.79%
Hewlett-Packard Company	1.76%

Sector Weights 9-30-08		
versus S&P 500	%	+ / -
Consumer Discretionary	8.9%	0.4%
Consumer Staples	12.1%	-0.1%
Energy	11.0%	-2.4%
Financials	14.5%	-1.3%
Health Care	16.4%	3.3%
Industrials	6.7%	-4.4%
Information Technology	22.4%	6.5%
Materials	6.9%	3.5%
Telecom Services	0.7%	-2.3%
Utilities	0.3%	-3.2%

Portfolio Information	
Expense Ratio	0.89%
12b-1 Fee	-
Morningstar Average	1.39%
Minimum Investment	\$2,500
Avg. Annual Turnover	56%

Year-End Assets (\$ Mil.)	
2007	\$72,805
2006	\$68,576
2005	\$60,094
2004	\$44,485
2003	\$36,051
2002	\$27,695
2001	\$32,321

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Calvert Social Investment Equity A

Ticker: CSIEX

Fund Strategy

This fund invests in companies with solid balance sheets, dominant business franchises, and good earnings prospects. The portfolio is screened for social investment criteria: no alcohol, tobacco, gambling, or weapons companies; no companies with poor environmental or labor related issues

Manager Information

Lead Manager Richard B. England + Team
 Inception 8/24/1987
 Prospectus www.calvert.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Calvert Social Invst. A	★★★★	\$33,310	71	-9.1%	-14.7%	-14.8%	1.6%	4.7%	7.7%
S & P 500				-8.4%	-19.3%	-22.0%	0.2%	5.2%	3.1%
DJ Wilshire Large Growth				-12.0%	-18.6%	-19.1%	0.5%	4.9%	1.3%
Lg Cap Growth MF Mean				-13.6%	-22.4%	-22.6%	-0.4%	4.1%	2.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	10.77	0.90	0.93	-0.18	3.65	11.39	1.00	-0.28
5-Year	9.75	0.89	-0.24	0.20	3.36	10.35	1.00	0.23

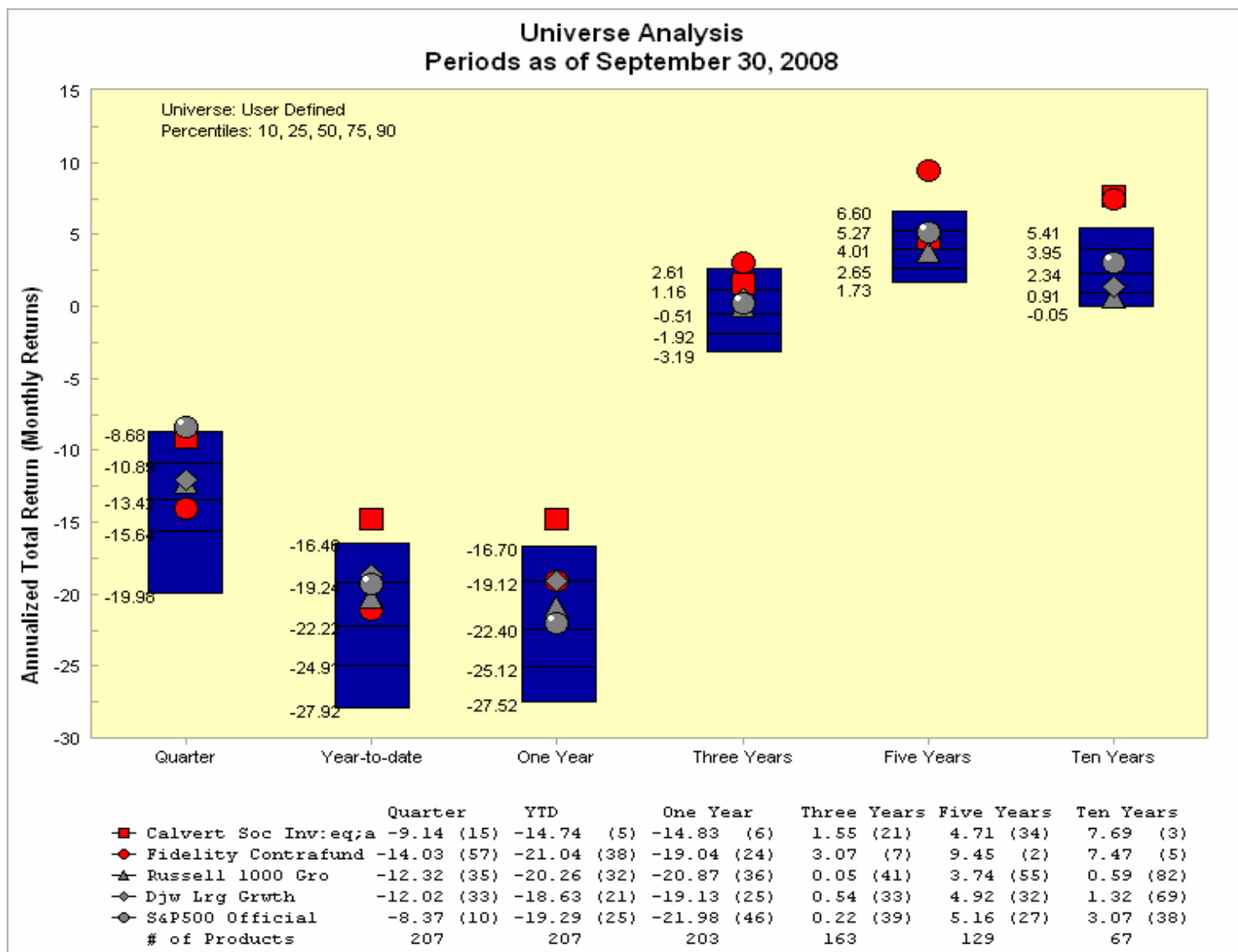
Top 10 Holdings 9-30-08	
Company	% of Portfolio
Cisco Systems, Inc.	4.64%
Medtronic, Inc.	3.96%
Novartis AG ADR	3.68%
CVS Caremark Corporation	3.68%
Kohl's Corporation	3.66%
Staples, Inc.	3.63%
Hewlett-Packard Company	3.42%
Stryker Corporation	3.28%
FMC Technologies, Inc.	3.03%
EOG Resources	2.92%

Sector Weights 9-30-08		
versus S&P 500	%	+ / -
Consumer Discretionary	10.9%	2.5%
Consumer Staples	10.3%	-1.9%
Energy	7.6%	-5.8%
Financials	14.2%	-1.6%
Health Care	20.7%	7.6%
Industrials	10.5%	-0.6%
Information Technology	19.2%	3.2%
Materials	4.4%	1.1%
Telecom Services	0.0%	-3.0%
Utilities	2.2%	-1.4%

Portfolio Information	
Expense Ratio	1.21%
12b-1 Fee Included	0.25%
Morningstar Average	1.39%
Minimum Investment	\$1,000
Avg. Annual Turnover	35%

Year-End Assets (\$ Mil.)	
2007	\$1,196
2006	\$1,298
2005	\$1,235
2004	\$783
2003	\$619
2002	\$380
2001	\$312

Large Cap Growth Universe



State of Montana 457 Deferred Compensation Plan
September 30, 2008



Vanguard (500) Institutional Index

Ticker: VINIX

Fund Strategy

This index fund buys and holds stocks that comprise the S&P 500 Index. The manager adds value by opportunistically buying futures contracts and finding ways to minimize trading costs.

Manager Information

Lead Manager Donald M. Butler
 Inception 7/31/1990
 Prospectus www.vanguard.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard (500) Inst. Idx	★★★	\$47,517	512	-8.3%	-19.3%	-22.0%	0.2%	5.2%	3.1%
S & P 500				-8.4%	-19.3%	-22.0%	0.2%	5.2%	3.1%
Large Cap Core MF Mean				-10.2%	-20.0%	-22.3%	-0.3%	5.0%	3.7%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	11.38	1.00	-0.01	-0.28	0.02	11.39	1.00	-0.28
5-Year	10.34	1.00	-0.01	0.23	0.02	10.35	1.00	0.23

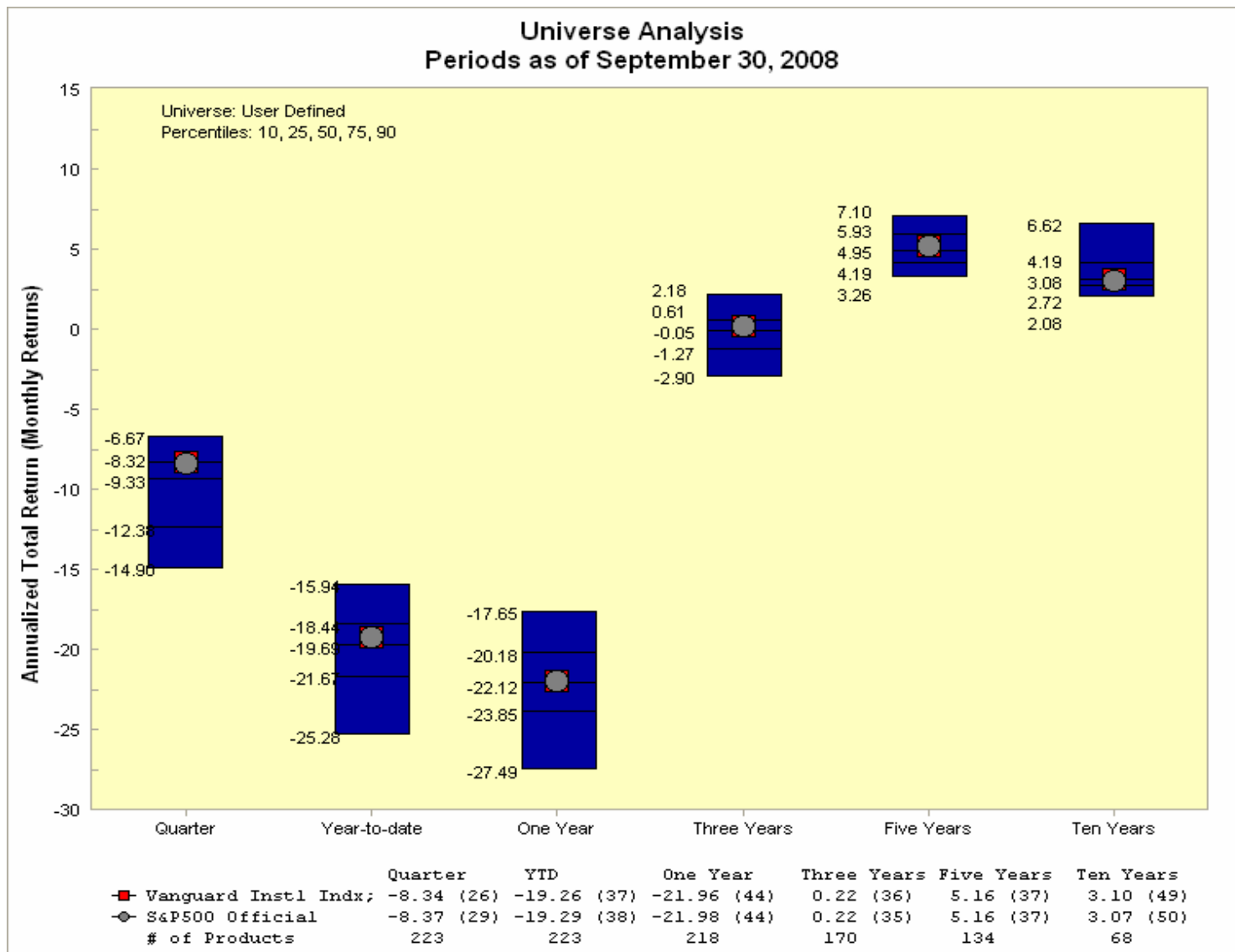
Top 10 Holdings 9-30-08	
Company	% of Portfolio
ExxonMobil Corporation	3.95%
General Electric Company	2.49%
Procter & Gamble Company	2.07%
Microsoft Corporation	2.05%
Johnson & Johnson	1.90%
J.P. Morgan Chase & Co	1.68%
Chevron Corporation	1.66%
AT&T, Inc.	1.61%
Bank of America Corp	1.56%
IBM	1.55%

Sector Weights 9-30-08		
versus S&P 500	%	+ / -
Consumer Discretionary	8.5%	0.0%
Consumer Staples	12.2%	0.0%
Energy	13.4%	0.0%
Financials	15.8%	0.0%
Health Care	13.1%	0.0%
Industrials	11.1%	0.0%
Information Technology	16.0%	0.0%
Materials	3.4%	0.0%
Telecom Services	3.0%	0.0%
Utilities	3.6%	0.0%

Portfolio Information	
Expense Ratio	0.05%
12b-1 Fee Included	-
Morningstar Average	1.14%
Minimum Investment	\$5,000,000
Avg. Annual Turnover	7%

Year-End Assets (\$ Mil.)	
2007	\$68,556
2006	\$45,243
2005	\$39,138
2004	\$34,990
2003	\$29,458
2002	\$20,361
2001	\$24,165

Large Cap Broad Universe



State of Montana 457 Deferred Compensation Plan
September 30, 2008



Davis New York Venture A Ticker: NYVTX

Fund Strategy

Managers seek to buy great companies whose shares are temporarily out of favor and depressed. Management calculates the intrinsic value of the company based on internally generated earnings and cash flow analysis. Positions are held for a long time and turnover is low.

Manager Information

Lead Manager Christopher C. Davis
 Inception 2/17/1969
 Prospectus www.davisfunds.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Davis NY Venture A	★★★★	\$33,330	110	-9.9%	-20.5%	-22.2%	-0.1%	6.6%	6.2%
S & P 500				-8.4%	-19.3%	-22.0%	0.2%	5.2%	3.1%
Lg Cap Value MF Mean				-8.0%	-20.0%	-23.8%	-0.5%	6.1%	5.3%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	11.61	0.99	-0.29	-0.30	2.77	11.39	1.00	-0.28
5-Year	10.66	0.99	1.42	0.36	2.90	10.35	1.00	0.23

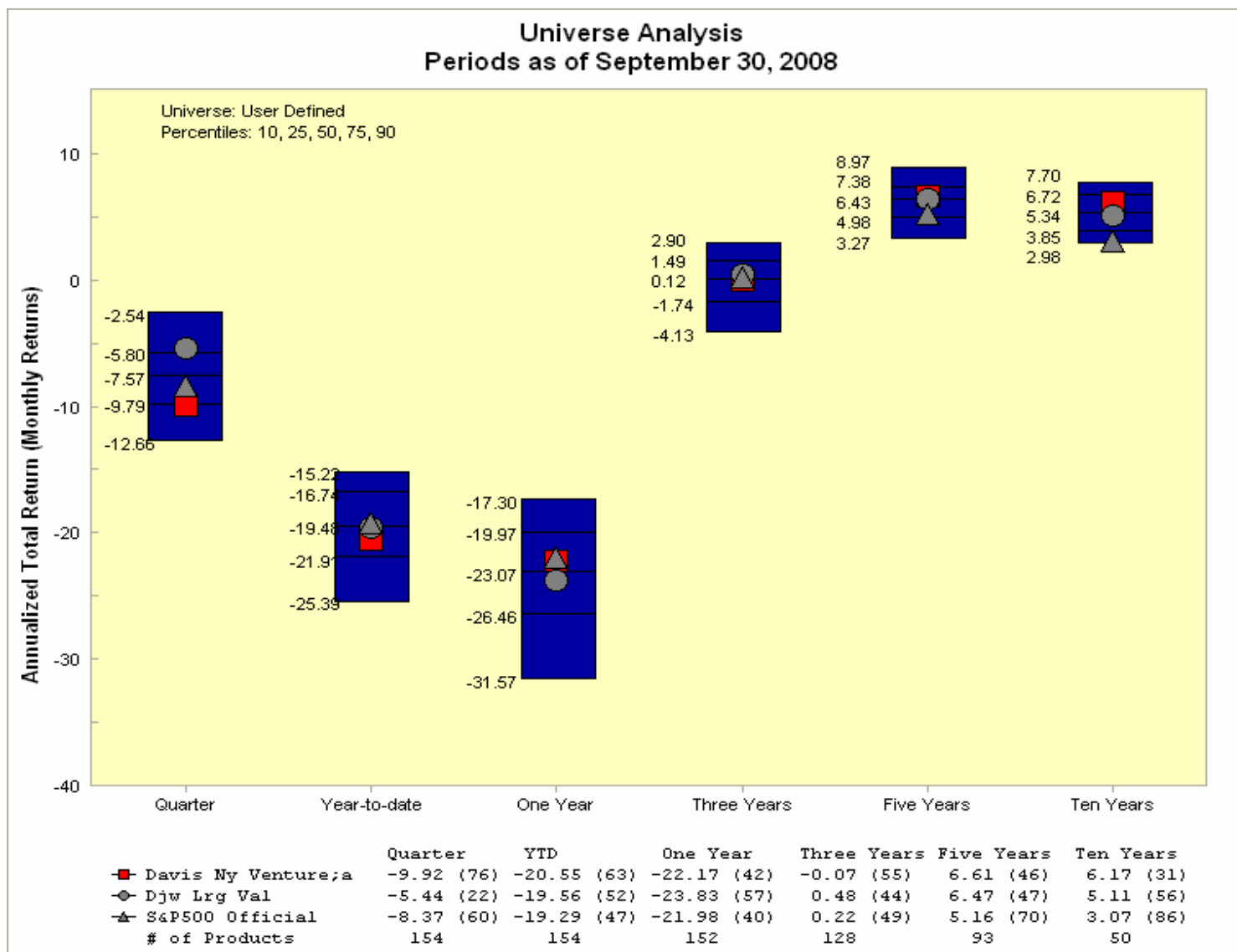
Top 10 Holdings 7-31-08	
Company	% of Portfolio
ConocoPhillips	4.05%
Costco Wholesale Corp.	3.92%
Merrill Lynch & Company	3.41%
American Express Company	3.34%
Devon Energy Corporation	3.21%
JP Morgan Chase & Co.	3.03%
Berkshire Hathaway Inc. A	3.01%
Philip Morris International Inc	2.73%
EOG Resources	2.71%
Occidental Petroleum Corp	2.50%

Sector Weights 7-30-08		
versus S&P 500	%	+ / -
Consumer Discretionary	11.2%	3.1%
Consumer Staples	13.9%	2.7%
Energy	16.9%	2.8%
Financials	33.0%	17.6%
Health Care	4.5%	-8.2%
Industrials	5.0%	-6.4%
Information Technology	10.0%	-6.5%
Materials	4.5%	0.8%
Telecom Services	0.5%	-2.7%
Utilities	0.4%	-3.4%

Portfolio Information	
Expense Ratio	0.84%
12b-1 Fee Included	0.25%
Morningstar Average	1.14%
Minimum Investment	\$1,000
Avg. Annual Turnover	5%

Year-End Assets (\$ Mil.)	
2007	\$45,483
2006	\$43,669
2005	\$66,969
2004	\$54,303
2003	\$42,797
2002	\$30,898
2001	\$38,935

Large Cap Value Universe



State of Montana 457 Deferred Compensation Plan
September 30, 2008



Munder Mid Cap Core Growth A

Ticker: MGOAX

Fund Strategy

This fund operates in the mid-capitalization space and managers seek to invest in companies that are temporarily out of favor and trade cheap relative to growth potential. The fund keeps sector weightings within 3% of the benchmark. The fund holds 70-85 stocks and individual positions are capped at 3%.

Manager Information

Lead Manager Tony Y. Dong + Team
 Inception 6/30/2000
 Prospectus www.munder.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Munder Mid Cap Core Grw A	★★★★	\$4,281	91	-16.1%	-24.5%	-24.6%	0.7%	9.5%	12.3%
S&P MidCap 400 Index				-10.9%	-14.3%	-16.7%	1.8%	8.7%	10.3%
Mid Cap Growth MF Mean				-16.2%	-23.7%	-24.5%	0.0%	6.3%	7.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.38	1.20	1.69	-0.14	7.41	13.64	1.10	-0.10
5-Year	14.35	1.21	4.05	0.48	7.43	12.79	1.12	0.47

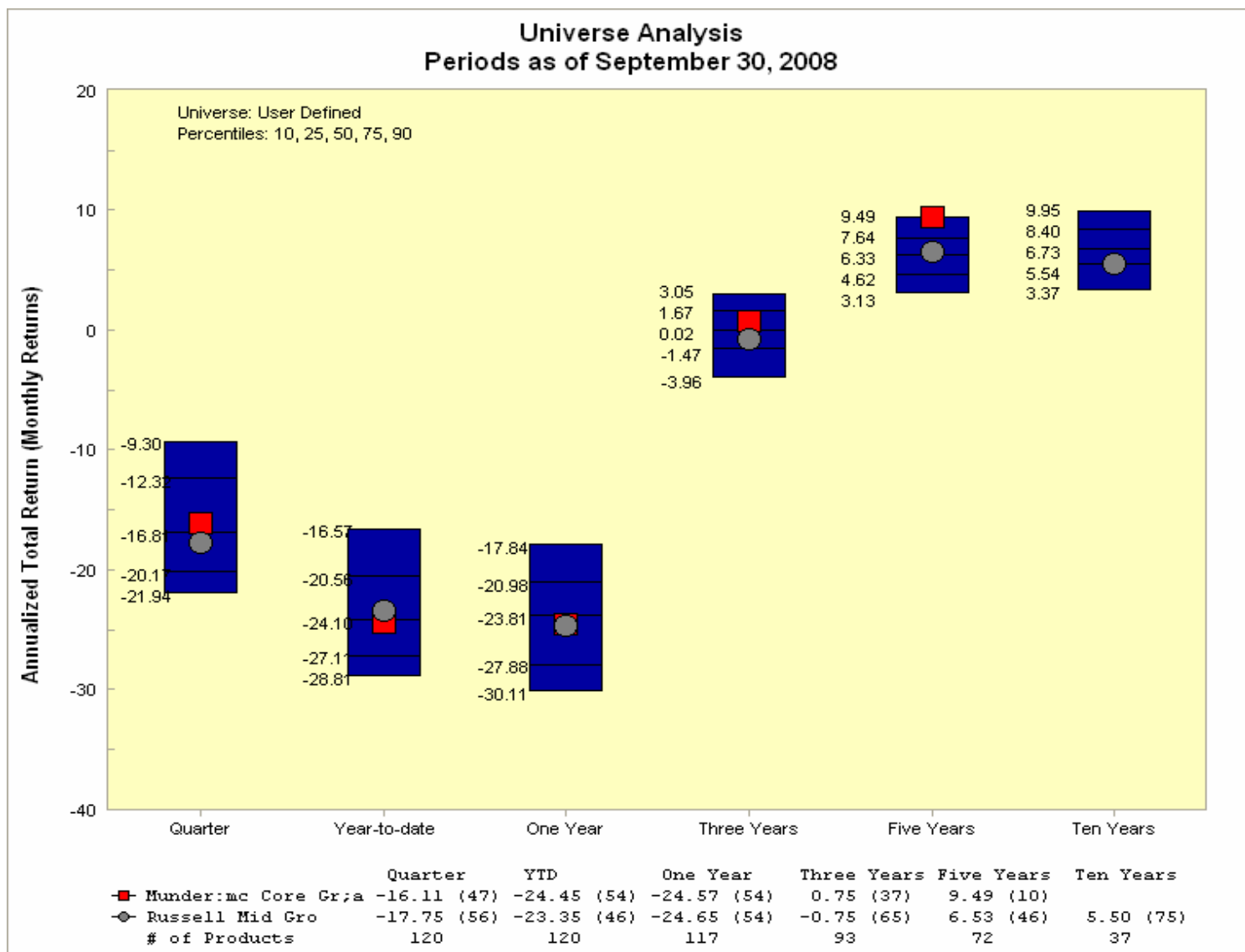
Top 10 Holdings 9-30-08	
Company	% of Portfolio
Airgas, Inc.	2.08%
Northeast Utilities	2.06%
Church & Dwight Company, Inc	1.76%
Itron Inc	1.69%
LKQ Corporation	1.67%
Biomarin Pharmaceutical, Inc	1.66%
Corrections Corporation of America	1.65%
Valmont Industries, Inc.	1.62%
Equitable Resources, Inc.	1.62%
Stericycle, Inc	1.58%

Sector Weights 9-30-08		
versus S&P MidCap 400	%	+ / -
Consumer Discretionary	11.0%	-2.5%
Consumer Staples	4.4%	0.5%
Energy	9.0%	1.6%
Financials	18.2%	-0.9%
Health Care	12.1%	0.0%
Industrials	13.6%	-1.9%
Information Technology	13.9%	0.6%
Materials	6.9%	0.0%
Telecom Services	2.3%	1.8%
Utilities	8.6%	0.8%

Portfolio Information	
Expense Ratio	1.32%
12b-1 Fee Included	0.25%
Morningstar Average	1.69%
Minimum Investment	\$2,500
Avg. Annual Turnover	46%

Year-End Assets (\$ Mil.)	
2007	\$4,692
2006	\$2,738
2005	\$1,146
2004	\$425
2003	\$267
2002	\$103
2001	\$65

Mid Cap Growth Universe



State of Montana 457 Deferred Compensation Plan
September 30, 2008



Hotchkis & Wiley Mid Cap Value A

Ticker: HWMAX

Fund Strategy

Managers screen for stocks with high dividend yield and low relative valuations. Next, these stocks are evaluated based on return of capital. Finally, stocks are selected for inclusion in the portfolio if they are trading below estimated fair value, using the discounted cash flow model.

Manager Information

Lead Manager Stanley Majcher + Team
 Inception 1/2/2001
 Prospectus www.hwcm.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Hotchkis & Wiley Mid Val.	★	\$4,132	56	-11.5%	-24.8%	-32.8%	-9.6%	3.5%	11.2%
Russell Mid Cap				-12.9%	-19.5%	-22.4%	0.1%	8.6%	8.3%
Mid Cap Value MF Mean				-9.0%	-17.0%	-21.1%	-0.1%	8.1%	9.6%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.37	1.50	-7.45	-0.63	10.91	13.77	1.15	-0.22
5-Year	17.13	1.45	-1.72	0.10	9.56	12.86	1.17	0.46

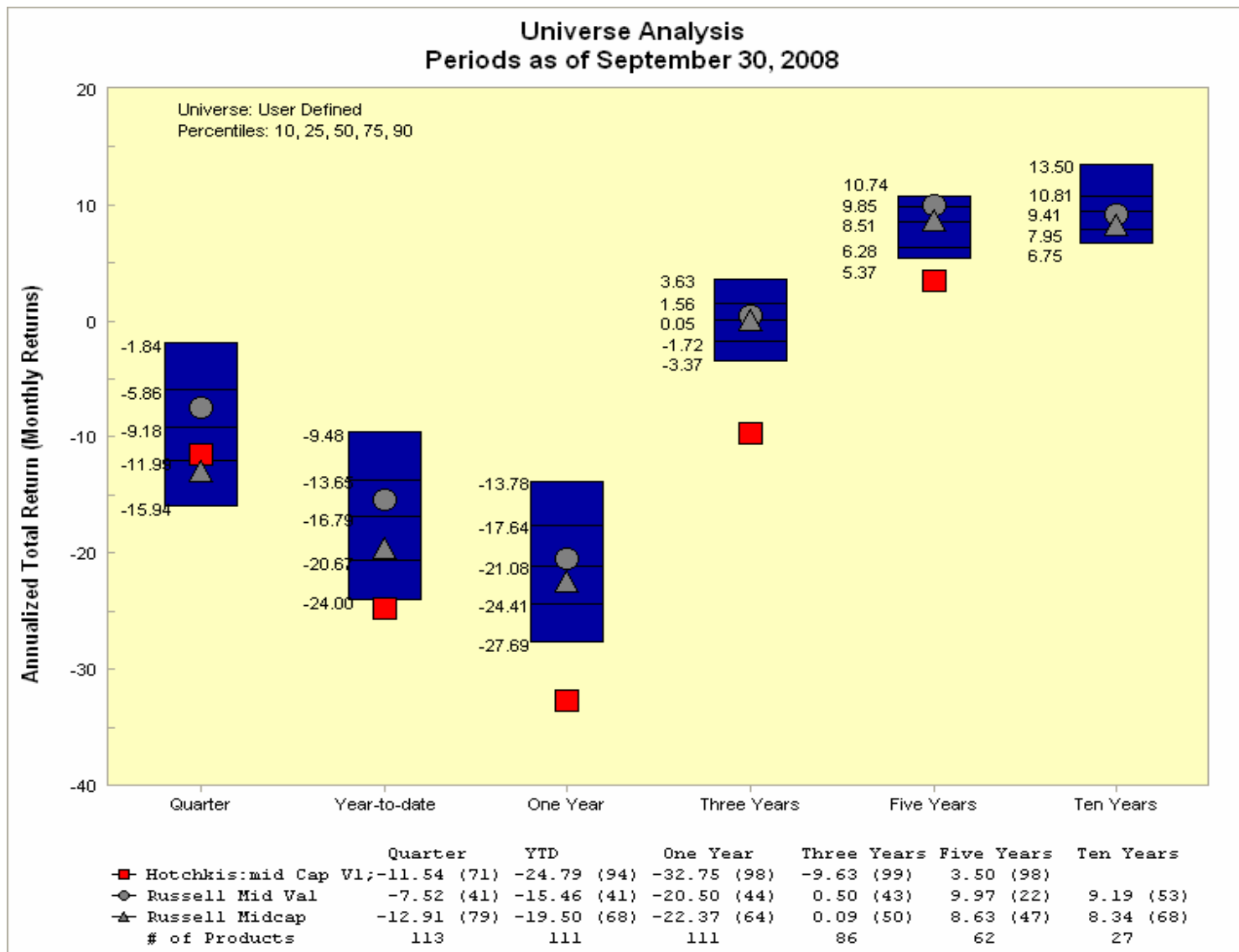
Top 10 Holdings 9-30-08	
Company	% of Portfolio
CA, Inc.	5.39%
Hercules, Inc	3.91%
Safeway Inc.	3.79%
BMC Software, Inc.	3.65%
KeyCorp	3.47%
First Horizon National Corp	3.32%
Rent-A-Center, Inc	3.21%
Interpublic Group of Companies	3.17%
Brazilian Aviation Company	3.08%
Manpower, Inc.	2.80%

Sector Weights 9-30-08		
<i>versus Russell Mid Cap</i>	%	+ / -
Consumer Discretionary	19.2%	3.6%
Consumer Staples	4.0%	-2.4%
Energy	3.7%	-4.6%
Financials	27.2%	7.5%
Health Care	4.5%	-4.6%
Industrials	10.8%	-1.9%
Information Technology	17.1%	4.6%
Materials	6.8%	0.9%
Telecom Services	0.0%	-1.9%
Utilities	6.7%	-1.2%

Portfolio Information	
Expense Ratio	1.28%
12b-1 Fee Included	0.25%
Morningstar Average	1.37%
Minimum Investment	\$2,500
Avg. Annual Turnover	45%

Year-End Assets (\$ Mil.)	
2007	\$2,440
2006	\$4,710
2005	\$4,113
2004	\$4,124
2003	\$1,331
2002	\$355
2001	\$56

Mid Cap Value Universe



State of Montana 457 Deferred Compensation Plan
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Managers AMG Essex Small/Micro Growth

Ticker: MBR SX

Fund Strategy

This fund seeks capital appreciation through investing in a diversified portfolio of small capitalization (market cap less than \$2.5 billion at time of purchase) US growth stocks.

Manager Information

Lead Manager Nancy Prial
 Inception 6/25/2002
 Prospectus www.managersinvest.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Mgr AMG Essex Sml/Mic Grw	★ ★ ★	\$617	93	-9.7%	-25.9%	-26.9%	-0.5%	7.5%	-
Russell 2000 Growth Index				-7.0%	-15.3%	-17.1%	1.5%	6.6%	4.7%
Small Cap Growth MF Mean				-9.5%	-20.4%	-23.2%	-0.8%	5.6%	7.0%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	19.04	1.34	1.58	-0.14	12.08	16.21	1.23	-0.08
5-Year	18.67	1.43	2.35	0.31	12.25	16.21	1.32	0.28

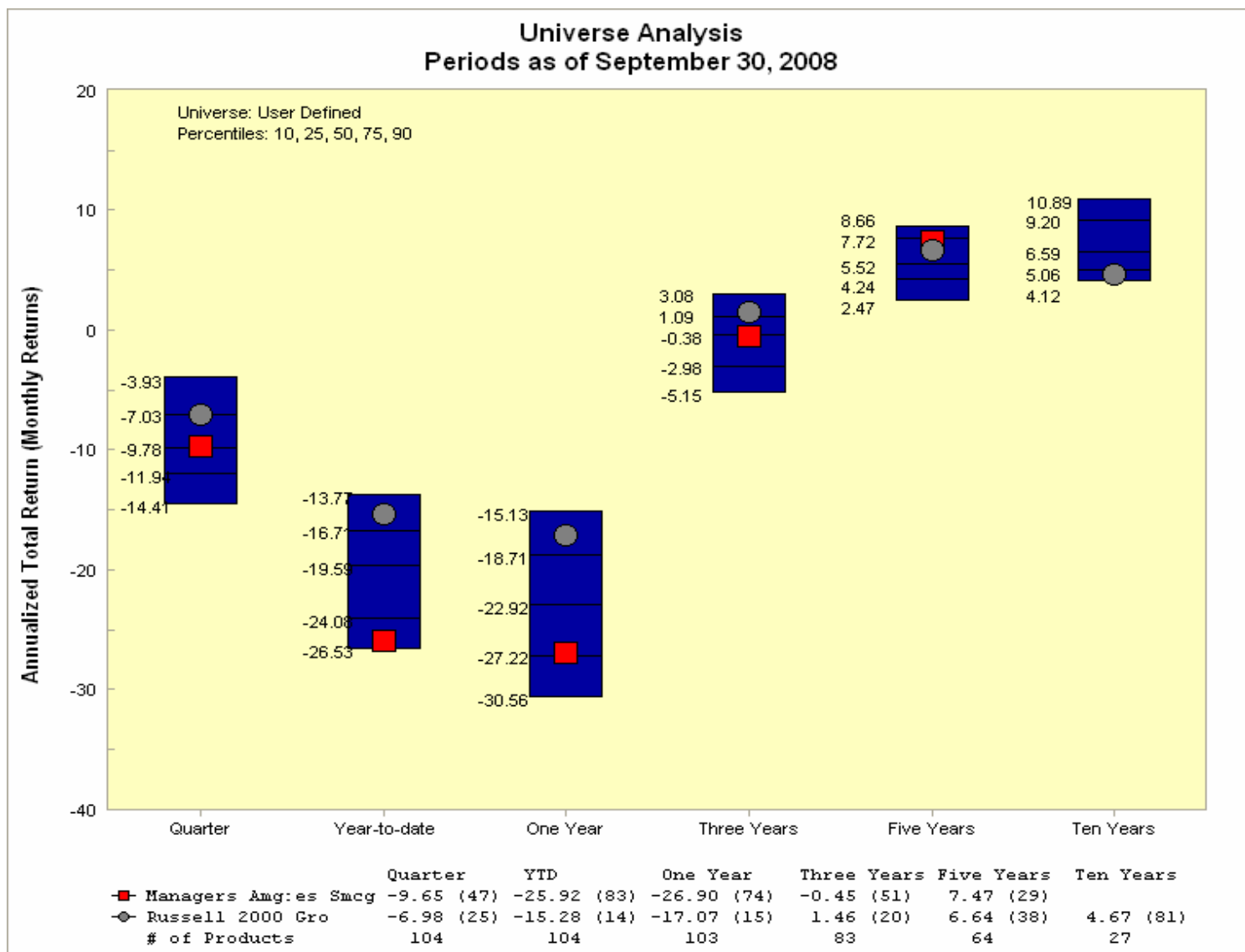
Top 10 Holdings 9-30-08	
Company	% of Portfolio
Illumina, Inc.	2.60%
Parexel International Corporation	2.51%
Wright Medical Group, Inc.	2.19%
Corinthian Colleges, Inc.	2.18%
Volcano Corporation	1.95%
Luminex Corporation	1.79%
DXP Enterprises, Inc	1.75%
Thoratec Laboratories Corp	1.73%
SkillSoft ADR	1.69%
Argonaut Group, Inc	1.60%

Sector Weights 9-30-08		
versus Russell 2000 Growth	%	+ / -
Consumer Discretionary	16.2%	3.2%
Consumer Staples	0.7%	-2.1%
Energy	1.2%	-7.8%
Financials	4.3%	-1.0%
Health Care	30.1%	5.4%
Industrials	15.1%	-3.2%
Information Technology	29.4%	7.7%
Materials	2.0%	-1.3%
Telecom Services	1.1%	-0.1%
Utilities	0.0%	-0.8%

Portfolio Information	
Expense Ratio	1.49%
12b-1 Fee Included	0.25%
Morningstar Average	1.68%
Minimum Investment	\$2,000
Avg. Annual Turnover	57%

Year-End Assets (\$ Mil.)	
2007	\$134
2006	\$79
2005	\$14
2004	\$15
2003	\$8
2002	n/a
2001	n/a

Small Cap Growth Universe



State of Montana 457 Deferred Compensation Plan
September 30, 2008



Vanguard Small Cap Index Signal

Ticker: VSISX

Fund Strategy

This index fund tracks the MSCI US Small Cap 1750 Index which contains 1750 of the smallest publicly traded US companies

Manager Information

Lead Manager Michael H. Buek
 Inception 11/13/2000
 Prospectus www.vanguard.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Vanguard Small Cap Idx	★★★★	\$1,386	1749	-5.0%	-12.8%	-17.1%	1.2%	8.7%	8.3%
MSCI US Small Cap 1750				-5.1%	-12.9%	-17.3%	1.1%	8.6%	9.8%
Small Cap Core MF Mean				-4.8%	-14.1%	-18.8%	-0.4%	7.6%	8.9%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	14.34	1.14	1.75	-0.13	6.44	14.33	-	-0.14
5-Year	14.12	1.22	3.24	0.44	6.87	14.09	-	0.43

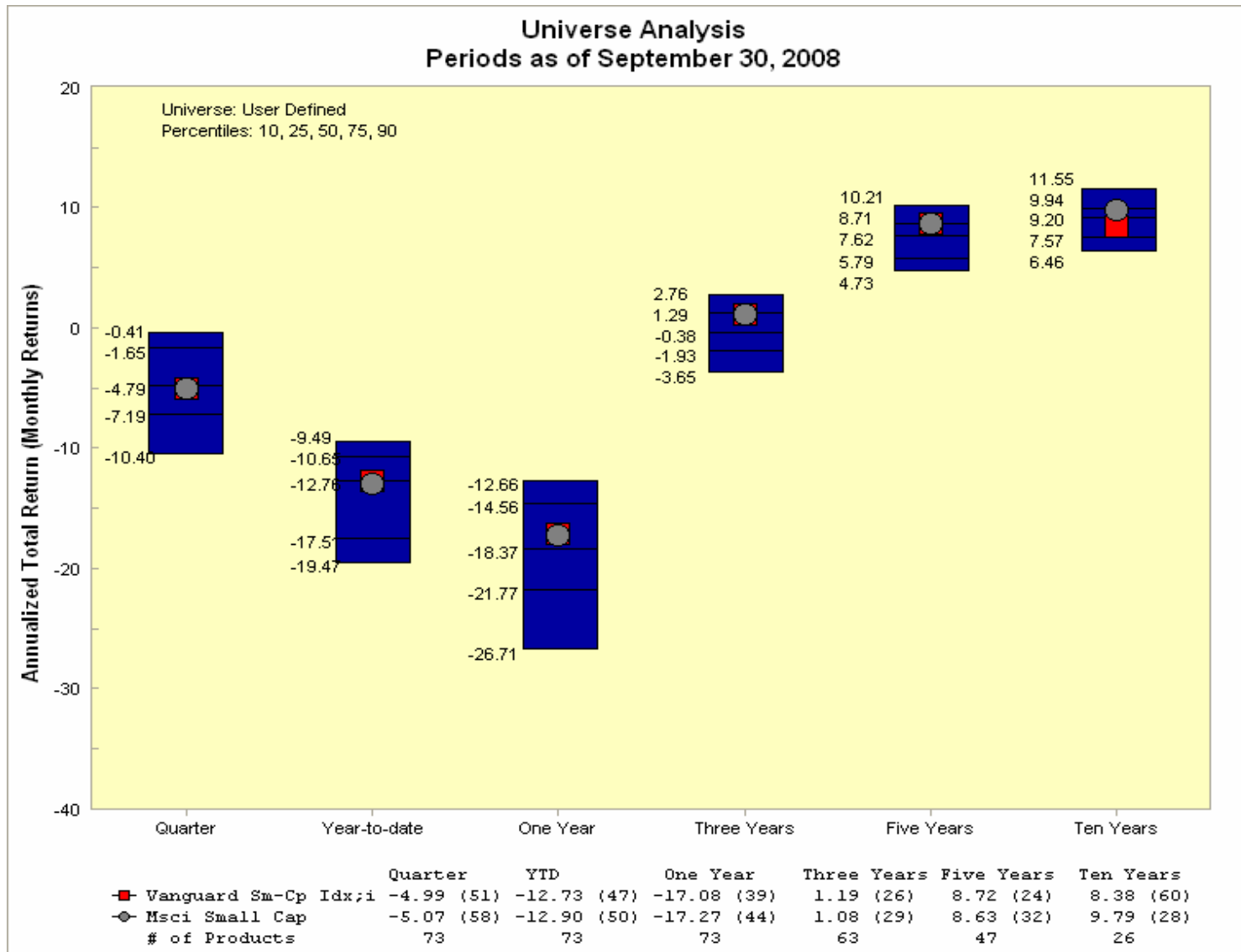
Top 10 Holdings 9-30-08	
Company	% of Portfolio
SAIC, Inc.	0.27%
Rayonier, Inc	0.27%
FTI Consulting, Inc	0.26%
Alexandria Real Estate Equities	0.26%
Global Payments, Inc	0.26%
Philadelphia Consolidated Holdin	0.25%
Nationwide Health Properties	0.25%
Puget Energy, Inc	0.25%
Kansas City Southern, Inc	0.25%
Mettler-Toledo International, Inc	0.24%

Sector Weights 9-30-08		
vs. DJ Wilshire US Small Cap 1750	%	+ / -
Consumer Discretionary	12.9%	-0.9%
Consumer Staples	3.4%	-0.4%
Energy	6.9%	-2.1%
Financials	20.8%	-1.2%
Health Care	12.9%	0.7%
Industrials	16.3%	1.5%
Information Technology	16.7%	2.2%
Materials	4.5%	-0.3%
Telecom Services	1.0%	0.2%
Utilities	4.5%	0.3%

Portfolio Information	
Expense Ratio	0.11%
12b-1 Fee Included	-
Morningstar Average	1.44%
Minimum Investment	\$1,000,000
Avg. Annual Turnover	16%

Year-End Assets (\$ Mil.)	
2007	\$13,903
2006	\$12,993
2005	\$2,373
2004	\$1,451
2003	\$1,056
2002	\$591
2001	\$547

Small Cap Broad Universe



State of Montana 457 Deferred Compensation Plan
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Munder Small Cap Value Y Ticker: MCVYX

Fund Strategy

Managers seek long term capital appreciation through investment in companies trading significantly below intrinsic value. Traditionally, managers have invested in companies with market capitalization of less than \$2 billion at time of purchase. **This fund will be terminated.**

Manager Information

Lead Manager John P. Richardson + Team
 Inception 12/30/1996
 Prospectus www.munder.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Munder Sml Cap Value Y	★ ★	\$1,115	87	-10.9%	-24.1%	-31.1%	-8.0%	4.3%	8.4%
Russell 2000 Value Index				5.0%	-5.4%	-12.3%	2.0%	9.4%	10.1%
Small Cap Value MF Mean				-1.6%	-10.1%	-16.3%	0.1%	8.3%	10.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.89	1.28	-6.99	-0.70	7.25	13.83	0.97	-0.08
5-Year	15.71	1.36	-0.97	0.15	8.06	13.92	1.10	0.49

Top 10 Holdings 9-30-08	
Company	% of Portfolio
South Jersey Industries	2.50%
Bank of Ozarks, Inc	2.43%
Corporate Office Prop. Trust, Inc.	2.39%
Comtech Telecom Corp	2.36%
West Pharmaceutical Services	2.27%
Affiliated Managers Group, Inc.	2.20%
Anixter International	2.13%
Koppers Holdings, Inc	2.08%
Diodes Inc	2.01%
J2 Global Communications, Inc	2.00%

Sector Weights 9-30-08		
versus Russell 2000 Value	%	+ / -
Consumer Discretionary	9.4%	-3.0%
Consumer Staples	3.4%	-1.1%
Energy	6.6%	2.8%
Financials	35.6%	-0.6%
Health Care	4.1%	-0.8%
Industrials	16.2%	2.8%
Information Technology	13.5%	0.9%
Materials	5.8%	0.9%
Telecom Services	0.0%	-1.0%
Utilities	5.5%	-0.8%

Portfolio Information	
Expense Ratio	1.08%
12b-1 Fee	-
Morningstar Average	1.47%
Minimum Investment	\$1,000,000
Avg. Annual Turnover	29%

Year-End Assets (\$ Mil.)	
2007	\$619
2006	\$1,148
2005	\$2,231
2004	\$1,007
2003	\$353
2002	\$99
2001	\$88

State of Montana 457 Deferred Compensation Plan
September 30, 2008



Neuberger Berman Genesis Tr **Ticker: NBGEX**

Fund Strategy

Focusing on the small cap space, managers seek to find stocks with good cash flows and a dominant competitive niche, preferably in a business that is not too dependent on the broader economy. The orientation of the fund is conservative with minimal volatility.

Manager Information

Lead Manager Judith M. Vale + Team
 Inception 8/26/1993
 Prospectus www.nb.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Neuberger Berman Genesis Tr	★★★★★	\$2,387	137	-12.0%	-8.6%	-4.4%	5.9%	13.3%	13.8%
Russell 2000				-1.1%	-10.4%	-14.5%	1.8%	8.1%	7.8%
Small Cap Value MF Mean				-1.6%	-10.1%	-16.3%	0.1%	8.3%	10.2%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	13.28	0.88	5.35	0.20	8.83	14.55	1.10	-0.08
5-Year	12.12	0.91	7.88	0.83	7.74	14.67	1.21	0.39

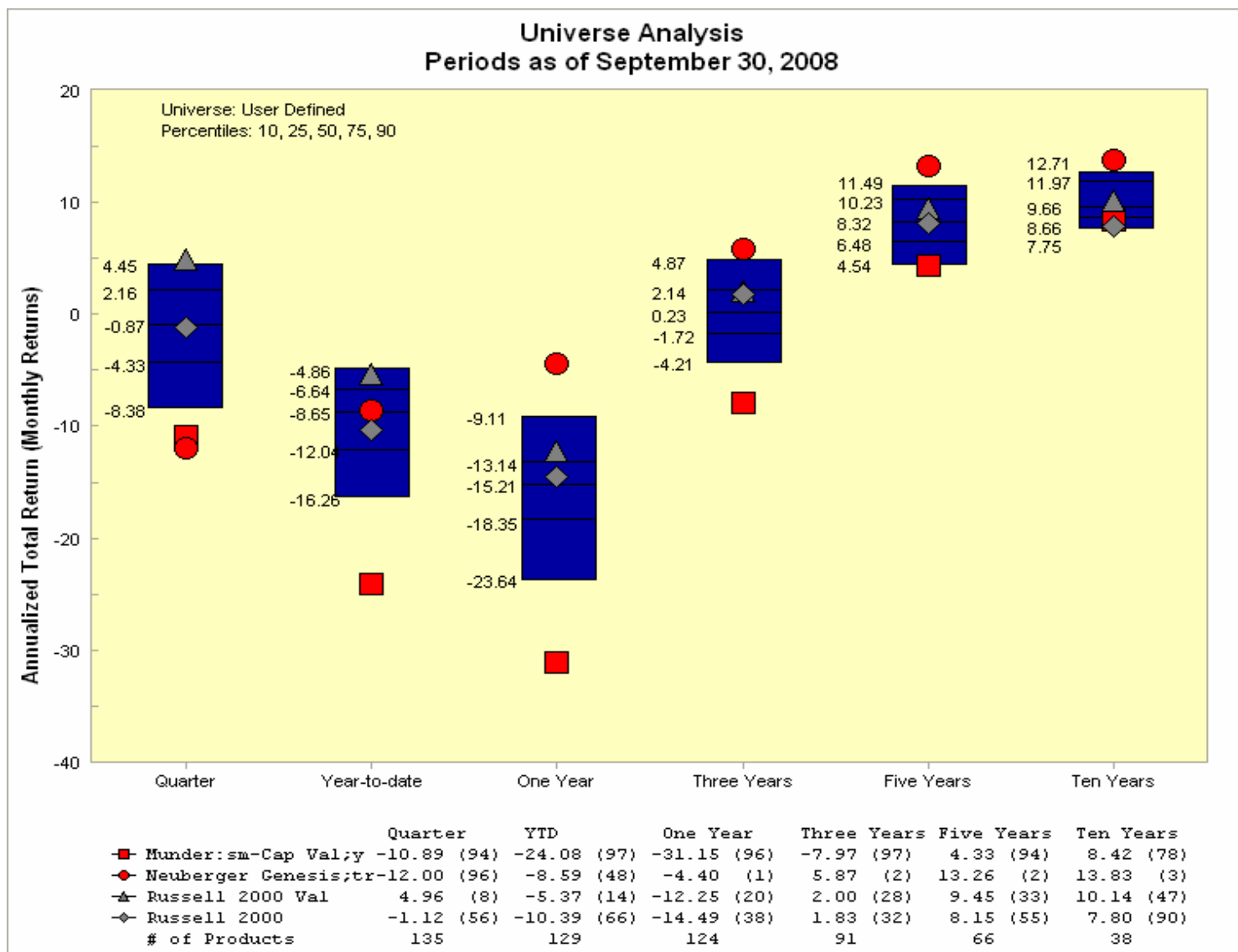
Top 10 Holdings 9-30-08	
Company	% of Portfolio
Church & Dwight Company, Inc.	3.12%
AptarGroup, Inc.	2.42%
Clarcor Inc.	1.95%
Bucyrus International, Inc. A	1.73%
Matthews International Corp	1.68%
Compass Minerals International	1.68%
Pharmaceutical Product Dev. Inc.	1.67%
Denbury Resources, Inc	1.67%
Alliant Techsystems, Inc.	1.58%
Idexx Laboratories	1.44%

Sector Weights 9-30-08		
versus Russell 2000	%	+ / -
Consumer Discretionary	6.5%	-6.2%
Consumer Staples	7.3%	3.6%
Energy	16.5%	10.2%
Financials	6.5%	-14.9%
Health Care	20.9%	6.5%
Industrials	28.9%	13.2%
Information Technology	8.1%	-8.8%
Materials	5.2%	1.1%
Telecom Services	0.0%	-1.1%
Utilities	0.2%	-3.5%

Portfolio Information	
Expense Ratio	1.09%
12b-1 Fee Included	-
Morningstar Average	1.44%
Minimum Investment	\$1,000
Avg. Annual Turnover	25%

Year-End Assets (\$ Mil.)	
2007	\$11,019
2006	\$10,397
2005	\$6,792
2004	\$4,825
2003	\$3,488
2002	\$4,063
2001	\$3,415

Small Cap Value Universe



State of Montana 457 Deferred Compensation Plan
September 30, 2008



American Funds New Perspective

Ticker: RNPEX

Fund Strategy

This fund seeks capital appreciation by investing in high quality companies that are temporarily out of favor and holding these positions for the long term. Manager stock picks are based on the firm's internally generated fair value model. The fund invests internationally and traditionally has held a large cash position.

Manager Information

Lead Manager Gregg E. England + Team
 Inception 5/28/2002
 Prospectus www.americanfunds.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
American Funds New Perspective	★★★★	\$51,175	311	-14.8%	-22.5%	-22.5%	4.0%	9.6%	8.5%
MSCI World Index				-15.3%	-24.2%	-26.0%	0.7%	7.3%	3.8%
World Stock MF Mean				-15.7%	-24.9%	-26.0%	1.1%	7.9%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	12.73	0.79	2.07	0.06	4.97	12.96	-	-0.19
5-Year	11.77	0.81	0.98	0.57	4.48	11.65	-	0.40

Top 10 Holdings 9-30-08	
Company	% of Portfolio
Microsoft Corporation	2.99%
Barrick Gold Corporation	2.07%
Cisco Systems, Inc.	1.98%
Bayer	1.93%
Novo-Nordisk A S	1.67%
Citigroup, Inc	1.59%
Oracle Corporation	1.56%
Roche Holding Ltd	1.54%
HONDA MOTOR	1.37%
Brazilian Petroleum Corporation ADR	1.27%

Country Weights 9-30-08		
<i>versus MSCI World</i>	%	+ / -
Europe	39.5%	8.7%
France	6.9%	2.1%
Germany	6.8%	2.8%
United Kingdom	6.2%	-3.6%
Asia	14.1%	-0.3%
Australia	1.8%	-1.0%
Hong Kong	0.9%	-0.1%
Japan	6.4%	-3.7%
Latin America	3.3%	3.3%
Brazil	2.7%	2.7%
Chile	0.0%	0.0%
North America	43.0%	-11.8%
Canada	3.8%	-0.8%
United States	39.3%	-10.9%

Portfolio Information	
Expense Ratio	0.77%
12b-1 Fee Included	0.25%
Morningstar Average	1.59%
Minimum Investment	N/A
Avg. Annual Turnover	30%

Year-End Assets (\$ Mil.)	
2007	\$57,422
2006	\$53,451
2005	\$43,143
2004	\$34,596
2003	\$30,631
2002	\$23,638
2001	\$28,618

State of Montana 457 Deferred Compensation Plan
September 30, 2008



Mutual Discovery Z Ticker: **MDISX**

Fund Strategy

This fund seeks capital appreciation by purchasing out of favor stocks of all capitalization sizes, particularly in Europe and the US. The fund also buys debt of depressed companies. The fund invests internationally and managers do not consider any benchmark when constructing the portfolio. Traditionally, managers have hedged foreign currency exposure but, in recent past, have allowed the hedges to lapse.

Manager Information

Lead Manager Anne E. Gudefin
Inception 12/31/1992
Prospectus www.franklintempleton.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Mutual Discovery Z	★★★★★	\$16,154	309	-7.2%	-16.3%	-16.8%	6.0%	12.4%	11.6%
MSCI World Index				-15.3%	-24.2%	-26.0%	0.7%	7.3%	3.8%
World Stock MF Mean				-15.7%	-24.9%	-26.0%	1.1%	7.9%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	10.29	0.60	3.37	0.23	7.55	12.96	-	-0.19
5-Year	9.48	0.62	4.61	0.95	6.57	11.65	-	0.40

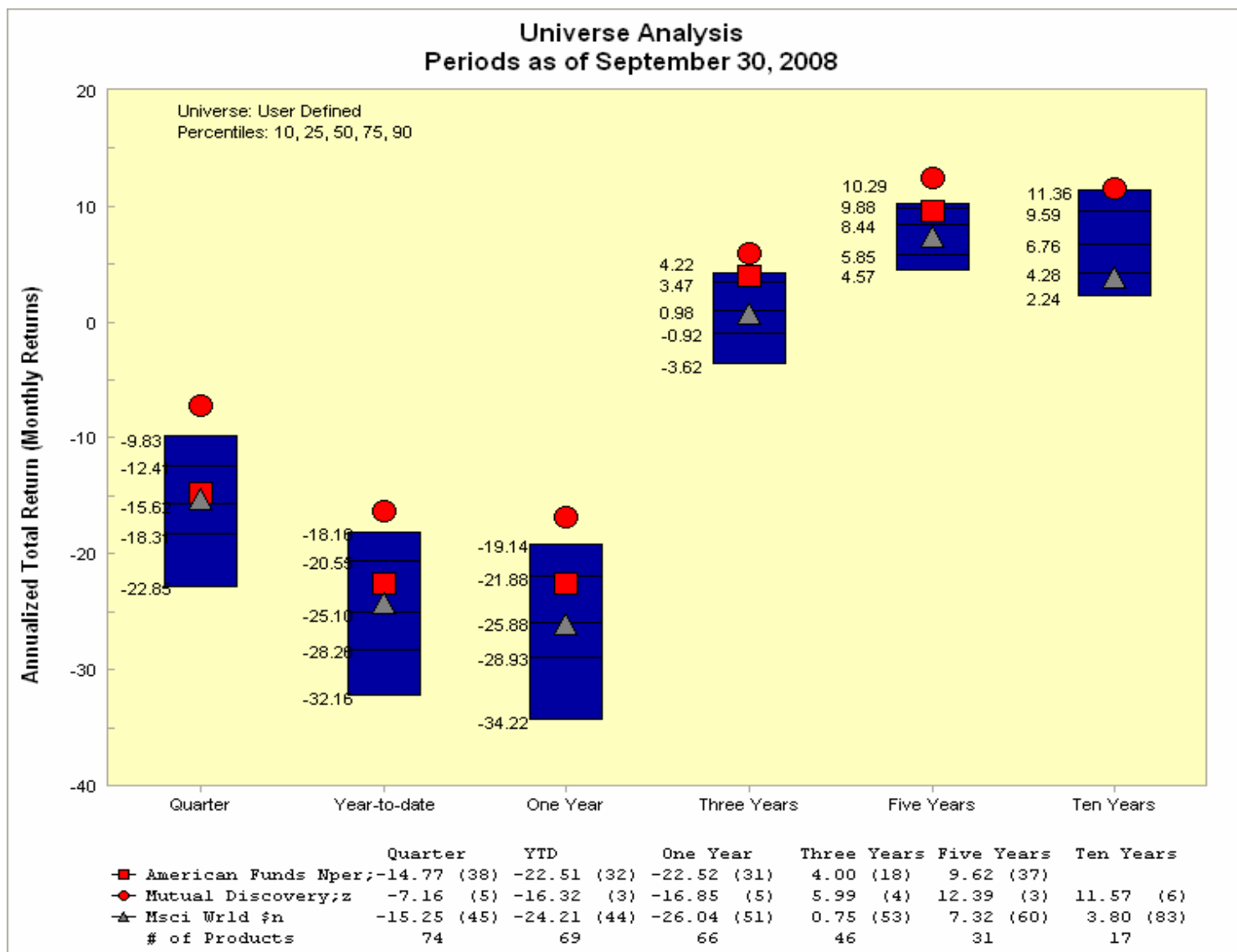
Top 10 Holdings 9-30-08	
Company	% of Portfolio
Imperial Tobacco Grp	2.68%
Carlsberg	2.68%
Wm Wrigley Jr. Company	2.63%
British American Tobacco	2.51%
UST, Inc	2.14%
Pernod Ricard	1.68%
Carrefour	1.59%
Japan Tobacco	1.47%
Groupe Danone	1.40%
Orkla	1.37%

Country Weights 9-30-08		
versus MSCI World	%	+ / -
Europe	55.7%	24.9%
France	15.4%	10.6%
Germany	6.6%	2.6%
United Kingdom	11.0%	1.2%
Asia	14.7%	0.3%
Australia	0.0%	-2.9%
Hong Kong	3.3%	2.3%
Japan	2.4%	-7.6%
Latin America	1.9%	1.9%
Brazil	0.0%	0.0%
Chile	0.0%	0.0%
North America	27.7%	-27.1%
Canada	1.2%	-3.4%
United States	26.6%	-23.6%

Portfolio Information	
Expense Ratio	1.00%
12b-1 Fee Included	-
Morningstar Average	1.59%
Minimum Investment	\$50,000
Avg. Annual Turnover	25%

Year-End Assets (\$ Mil.)	
2007	\$16,055
2006	\$12,836
2005	\$8,338
2004	\$5,887
2003	\$4,466
2002	\$3,197
2001	\$3,448

World Universe



State of Montana 457 Deferred Compensation Plan
September 30, 2008



Artisan International Inv Ticker: ARTIX

Fund Strategy

This fund has a growth orientation and selects stocks poised to enjoy superior earnings growth. The fund invests in smaller capitalization and emerging market companies. It also invests in themes. Consequently, the fund sector weightings differ measurably from the benchmark index. Traditionally, the fund has not hedged foreign currency exposure.

Manager Information

Lead Manager Mark L. Yockey
Inception 12/28/1995
Prospectus www.artisanfunds.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Artisan International Inv	★★★★	\$30,171	85	-22.1%	-31.9%	-30.0%	2.6%	10.1%	9.6%
MSCI EAFE Growth Index				-21.9%	-28.3%	-28.5%	2.2%	9.2%	-
MSCI EAFE Index				-20.6%	-29.3%	-30.5%	1.1%	9.7%	5.0%
Non-US Equity MF Mean				-21.3%	-30.0%	-31.5%	1.1%	9.7%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	17.02	1.09	1.86	0.00	4.16	15.27	1.00	-0.11
5-Year	15.00	1.06	0.15	0.51	3.71	13.73	1.00	0.52

Top 10 Holdings 9-30-08	
Company	% of Portfolio
Bayer	3.43%
Nestle	3.35%
Roche Holding Ltd	3.23%
Fortum	3.18%
Vinci	2.88%
Electricite de France	2.73%
Telefonica	2.67%
ASML Holding	2.56%
Wacker Chemie	2.42%
Japan Tobacco Inc	2.37%

Country Weights 9-30-08		
versus MSCI EAFE	%	+ / -
Europe	69.9%	1.8%
France	13.0%	2.5%
Germany	13.7%	4.9%
United Kingdom	8.4%	-13.3%
Asia	24.7%	-7.2%
Australia	0.0%	-6.3%
Hong Kong	4.0%	1.9%
Japan	12.1%	-10.1%
Latin America	3.2%	3.2%
Brazil	2.5%	2.5%
Chile	0.0%	0.0%
North America	2.3%	2.3%
Canada	2.3%	2.3%
United States	0.0%	0.0%

Portfolio Information	
Expense Ratio	1.21%
12b-1 Fee Included	-
Morningstar Average	1.65%
Minimum Investment	\$1,000
Avg. Annual Turnover	66%

Year-End Assets (\$ Mil.)	
2007	\$11,672
2006	\$10,821
2005	\$21,992
2004	\$22,512
2003	\$18,144
2002	\$11,418
2001	\$9,176

State of Montana 457 Deferred Compensation Plan
September 30, 2008



Dodge & Cox International Stock

Ticker: DODFX

Fund Strategy

This fund seeks capital appreciation by investing in good international companies that are temporarily out of favor and holding positions for the long term. It favors companies with good management, dominant competitive positions and good growth potential. Stocks are picked based on the internally generated fair value model.

Manager Information

Lead Manager Bryan C. Cameron
 Inception 5/1/2001
 Prospectus www.dodgeandcox.com

Fund	Characteristics			Trailing Total Returns (annualized)					
	Morningstar Rating	Avg. Market Cap (\$MM)	# of Holdings	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Dodge & Cox Int'l Stock	★★★★	\$31,162	106	-18.5%	-27.9%	-28.4%	2.5%	13.2%	-
MSCI EAFE Value Index				-19.1%	-30.3%	-32.6%	0.0%	10.1%	-
MSCI EAFE Index				-20.6%	-29.3%	-30.5%	1.1%	9.7%	5.0%
Non-US Equity MF Mean				-21.3%	-30.0%	-31.5%	1.1%	9.7%	7.1%

	Manager Statistics					Index Statistics		
	Standard Deviation	Beta	Alpha	Sharpe Ratio	Tracking Error	Standard Deviation	Beta	Sharpe Ratio
3-Year	15.62	1.00	1.44	-0.02	3.60	15.41	-	-0.19
5-Year	14.18	1.00	3.20	0.73	3.47	14.02	-	0.53

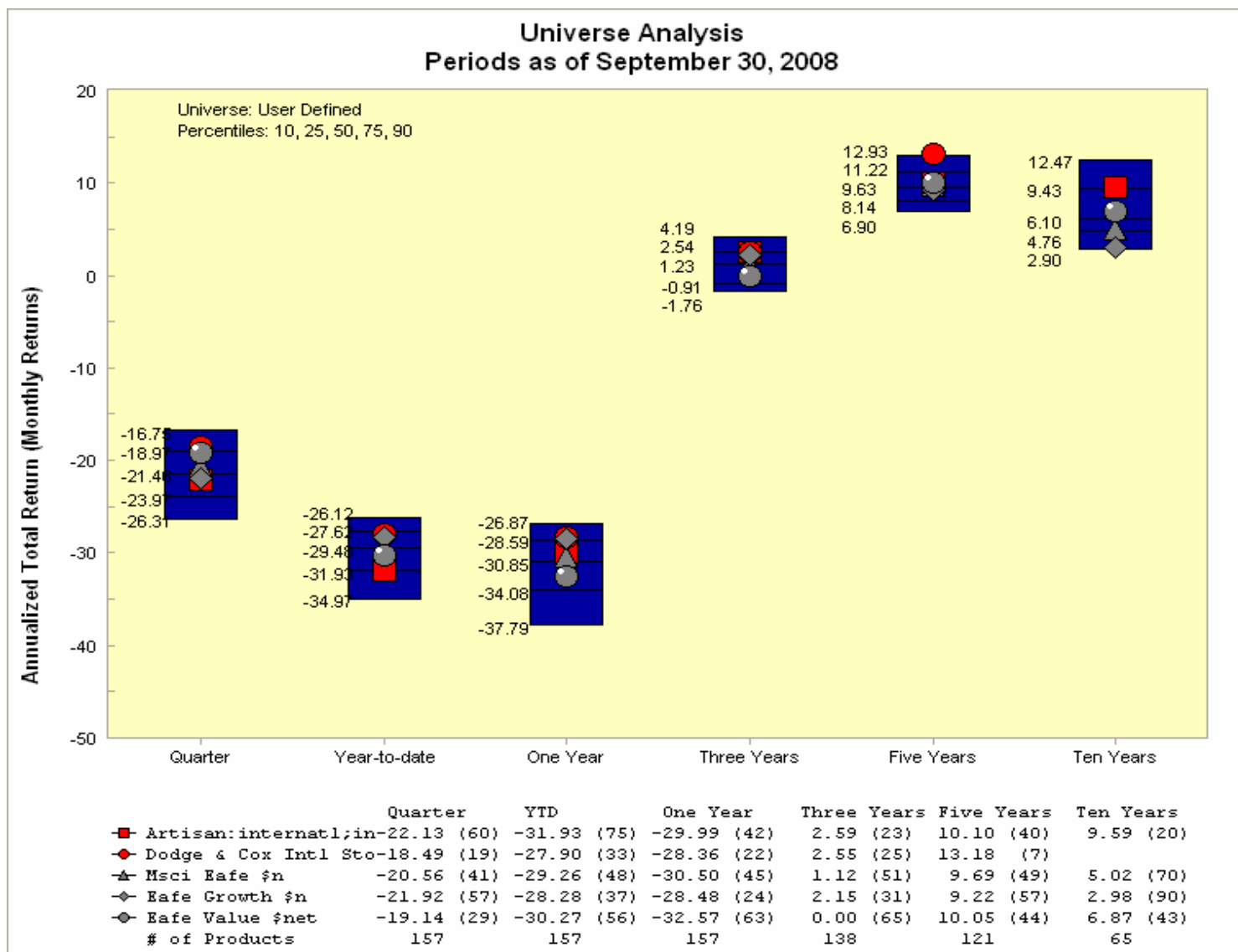
Top 10 Holdings 9-30-08	
Company	% of Portfolio
Novartis AG ADR	3.83%
HSBC Hldgs	3.09%
Royal Bank of Scotland Grp	3.00%
Sanofi-Aventis	2.89%
GlaxoSmithKline PLC ADR	2.61%
Credit Suisse Grp	2.56%
Schneider Electric	2.37%
Bayer	2.30%
Standard Bk Grp Limited	2.13%
Grupo Televisa SA ADR	2.03%

Country Weights 9-30-08		
versus MSCI EAFE	%	+ / -
Europe	62.4%	-5.8%
France	11.5%	1.0%
Germany	7.4%	-1.4%
United Kingdom	13.4%	-8.3%
Asia	24.5%	-7.3%
Australia	0.0%	-6.3%
Hong Kong	1.0%	-1.1%
Japan	18.7%	-3.5%
Latin America	6.5%	6.5%
Brazil	2.1%	2.1%
Chile	0.0%	0.0%
North America	6.6%	6.6%
Canada	0.2%	0.2%
United States	6.3%	6.3%

Portfolio Information	
Expense Ratio	0.65%
12b-1 Fee Included	-
Morningstar Average	1.40%
Minimum Investment	\$2,500
Avg. Annual Turnover	16%

Year-End Assets (\$ Mil.)	
2007	\$49,588
2006	\$30,899
2005	\$13,357
2004	\$4,203
2003	\$655
2002	\$117
2001	\$25

International (Non-US) Equity Universe



ADR	American Depositary Receipt, a negotiable receipt for the shares of a foreign-based corporation held in trust by a U.S. bank that entitles a shareholder to all dividends and capital gains.
Alpha	Alpha is a statistical calculation based on a manager's beta and the rate of return of the index over the period. Alpha measures whether a manager has added value to or detracted from returns on a risk-adjusted basis. Alpha can be used when comparing dissimilar products because alpha is adjusted for risk and therefore the product with the highest alpha added the most historical value relative to its risk level.
Annualized Return	Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return is projected as though the same performance continues to occur for a twelve-month time period.
Assets Managed in Style	The total assets managed in all investment vehicles of the investment style.
Average Market Capitalization (\$ Wtd.)	The average market capitalization of all stocks in a given portfolio, weighted by each company's portion of the portfolio's market value.
Beta	A measure of volatility. A beta over 1.0 indicates above-market volatility; below 1.0, less volatility.
Book Value	The balance sheet value of assets minus the balance sheet value of liabilities. Also known as shareholders' equity.
Bottom-Up Investment Approach	The investment manager concentrates on fundamental analysis of a company's financial statements. In addition, an investment manager may examine other aspects of the company such as strength of management, new product lines, valuation, historic record, etc.
Cumulative Annualized Rate of Return	Funds appear in order of their absolute rate of return over a common time period, with the highest rate of return appearing first.
Cycle Analysis	The index, by definition, automatically has an Up-Cycle of 100. If a manager has an Up-Cycle number higher than 100, the manager has historically captured more than 100% of the rising market. If a manager has a Down-Cycle number of less than 100, the manager has historically captured less than 100% of the falling market.
Dividend	A payment issued by a company that distributes a portion of its value, usually in the form of cash.

Duration	The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price. (A bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, where maturity and duration are equal.
Earnings	Earnings are a company's accounting profits or losses, typically reported four times each year.
Emerging Markets	Countries whose economies are considered emerging or underdeveloped.
Fundamental	A company's underlying financial situation.
Growth Style Investing	Growth investors purchase companies that have above-average earnings growth
Hedging	A strategy designed to reduce risk by offsetting potential losses from existing investments. This practice is often used in international investing, where investment managers often use hedging techniques to reduce exposure to fluctuating currencies.
Investment Vehicle	The account type that an investor can gain access to an investment manager. Examples of investment vehicles are pooled or commingled funds, mutual funds, separate accounts, and limited partnerships.
Large Cap	Large Capitalization - refers to those companies with a market capitalization of greater than \$10 billion.
Liquidity	The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.
Market Capitalization	The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.
Median Market Capitalization (\$ Wtd.)	The market capitalization of the stock that represents the middle of the portfolio's cumulative market value. Half of the portfolio is invested in stocks larger than the median and the other half is invested in stocks smaller than the median.
Micro Cap	Micro Capitalization - refers to those companies with a market capitalization of less than \$500 million.
Mid Cap	Mid Capitalization - refers to those companies with a market capitalization between \$2 and \$10 billion.

Net of Fees	After subtraction of management fees.
Portfolio	Refers to the complete list of securities held in an investment vehicle.
Price-to-earnings (P/E) ratio	Calculated by dividing the current share price by the trailing twelve-months earnings per share.
Price-to-book (P/B) ratio	Calculated by dividing the share price by the book value per share.
Relative Rank	"Rank" reflects funds' performance within the full universe of comparable products, which includes similar investment styles and objectives. The rank reflects which percentile the manager's absolute rate of return falls within relative to its peer universe, with 1 = highest and 100 = lowest.
R-Squared (Coefficient of Determination)	A statistical measure of the degree to which the movements of two variables are related. An R-Squared closer to 1.0 indicates that the two variables tend to behave similarly or that by knowing one variable you can closely estimate the other variable.
Sharpe Ratio	A risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe Ratio is calculated for the past 36 month period by dividing a fund's annualized excess returns by the standard deviation of a fund's annualized excess returns.
Small Cap	Small Capitalization - refers to those companies with a market capitalization between \$500 million and \$1.99 billion.
Standard Deviation	Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it does not distinguish downside performance from upside performance.
Top--Down Investment Approach	The investment manager concentrates on analyzing the economy and investment environment to identify attractive economic sectors for investment. In international investing, a top-down investment approach is often used to identify attractive countries or regions for investment.
Treynor Ratio	The Treynor ratio is the return premium earned over the risk free rate by the series for each unit of risk taken, with risk measured as the beta of the series or portfolio relative to the market.

Value Added	Based on alpha, value-added shows how much value a manager added, after adjustment for the amount of volatility (risk) that a manager has experienced. A value-added of 1.0 means a manager has added 1% to annualized returns.
Value Style Investing	Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company's stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial difficulty, or a host of other reasons.
Years	This evaluation is based on quarterly return observations from inception for all advisors and the corresponding index.